

ROYAL COMMISSION ON THE CIVIL SERVICE

MINUTES OF EVIDENCE

TAKEN BEFORE THE

25

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ON THE CIVIL SERVICE

TWENTY FIFTH DAY

Thursday, 2nd December, 1954

Witnesses: Sir Henry Hancock, K.C.B.,
K.B.E., C.M.G., Ministry of Food;
Prof. T. U. Matthew, Birmingham University
and Mr. W. S. Bristowe, of I.C.I., Ltd.



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List of Witnesses

TWENTY FIFTH DAY

(Morning Session)

SIR HENRY HANCOCK, K.C.B., K.B.E., C.M.G.,
Permanent Secretary, Ministry of Food

(Afternoon Session)

PROFESSOR T. U. MATTHEW,
*Department of Engineering Production,
Birmingham University*

MR. W. S. BRISTOWE,
*Head of Central Staff Department,
Imperial Chemical Industries, Ltd.*
on the subject of job evaluation

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Royal Commission on the Civil Service

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Present:

SIR RAYMOND PRIESTLEY, M.C. (*Chairman*)

MR. S. F. BURMAN, C.B.E.

MR. H. LLOYD WILLIAMS, D.S.O., M.C.

*MR. W. CASH, F.C.A.

MR. F. A. A. MENZLER, C.B.E.

SIR ALEXANDER GRAY, C.B.E.

*SIR GEORGE MOWBRAY, BART.

MR. N. F. HALL

MRS. BARBARA WOOTTON

†MR. WILLIS JACKSON, D.Sc., M.I.E.E.,
F.R.S.

MR. A. D. PECK (*Secretary*)

MISS F. M. LOUGHINANE (*Assistant Secretary*)

* In attendance for morning session only.

† In attendance for afternoon session only.

Memorandum on the functions and organisation of the Ministry of Food

1. The Ministry of Food developed out of the Food (Defence Plans) Department which, during the years preceding 1939, consisted of a small group of permanent officers housed in the Board of Trade. At the outbreak of war it drew into its service leading figures from the various food trades to act as directors of its trading and similar executive divisions, expert assistants for them who were often loaned by their firms in the food industries, professional accountants to act as finance directors in parallel with the trade directors, and a diverse host of temporary civil servants. At the peak of its activity it employed a staff of 43,000 people. The staff is now down to 7,000 and it will have fallen to about 5,500 by January, 1955. From the end of the war onwards the original trade directors and many of their assistants, gradually returned to industry (although a few still remain in the Department) and as they have done so the Ministry's much reduced but still substantial trading responsibilities have come increasingly to be dealt with by general service categories of staff. A considerable proportion of the Ministry's present strength consists of officers who were established after the war following service in a temporary capacity.

2. At the peak of control the Ministry maintained statutory control over the price of most foods at the first hand wholesale and retail levels, allocated all the basic raw materials to food manufacturers, and controlled distribution through the distributive trades to the consumer. It bought all the main imported foods, sometimes by long term contract and sometimes through brokers, and resold either to first hand distributors or to wholesalers.

3. The contraction that has taken place as controls have been withdrawn one by one over the past few years has affected all parts of the Department; but the major reduction is due to the closing of the regional and local offices whose primary function was the operation of rationing.

4. A great proportion of the staff of the local offices consisted of temporary staff locally recruited during the war years and, as the need for their services gradually declined, their appointments have been terminated—except that in the later stages some 2,000 of them qualified for appointments in other Government Departments under the Treasury's scheme for establishing temporary staff as clerical assistants.

5. Scattered throughout the regional and local organisations, however, there were some 5,000 officers who, either because they had been transferred from some other Department or because they had secured establishment under post-war schemes, held established appointments. These officers have, in the past few months, been transferred to other work mainly by the release of temporary staff from the local offices of other Government Departments.

6. The continuing functions of Government carried out by the Ministry of Food were described to the House of Commons on 14th April this year (Hansard, col. 1118). They are broadly:—

- (a) the operation with the agricultural Departments of guarantees of farm prices in free market conditions including deficiency payments schemes for wheat, coarse grains and livestock; and support price schemes for eggs and potatoes;
- (b) the administration of subsidies (£285 million a year) including those on bread baking, milk and welfare foods;
- (c) responsibilities under continuing long term contracts, e.g. bacon, meat (Australia); and under the Commonwealth Sugar Agreement for sugar purchases;
- (d) oversight of food imports in relation to the balance of payments; handling of questions arising under International and Commonwealth Agreements on wheat, sugar, etc. and in connection with such international bodies as the Food and Agriculture Organisation and O.E.E.C.;
- (e) food defence plans;
- (f) administration of food and drugs and slaughterhouse legislation;
- (g) nutritional policy;
- (h) disposal of Government food stocks.

7. It has now been decided to make provision for these functions by combining the Ministry of Food with the Ministry of Agriculture and Fisheries. The task of integrating the two Departments is expected to take some months. Meanwhile the Ministry of Food retains its separate identity under a single Minister who combines the offices of Minister of Agriculture and Minister of Food.

Examination of Witness

SIR HENRY HANCOCK, K.C.B., K.B.E., C.M.G. *Permanent Secretary, Ministry of Food,*

Called and examined.

3593. *Chairman:* Sir Henry, could I first say thank you for coming along to help us. The chief special aspect of your Department is, I suppose, that it had to be built up very rapidly, and is now running down. I wonder if you would care to say a word to us about any special problems you had to tackle?—*Sir Henry Hancock:* Of course I only went to the Ministry of Food in 1951 so that I was not present at the building up. I have had to tackle the running down. The building up was done on the basis of a nucleus staff attached to the Board of Trade before the outbreak of the war. When war broke out a large number of people had been earmarked and were called in at very short notice. The trade and finance sides were built up with many senior trade executives and finance staffs from accounting firms, all inter-mixed with a sprinkling of civil servants. In addition people were drawn

in from the universities and the outside world in general to give, as far as possible a broad base to the Department, the strength of which eventually rose to about 42,000. When I went there in 1951 it was about 24,000. It is now between 6,000 and 7,000.

The problem of the run down has been eased by the fact that, as trading activities diminished, trading personnel went back to their old jobs; but, of course, we also had a very large number of temporary lower paid staff in local offices who have had to be given notice. The problem there was eased to some extent by the establishment scheme for clerical assistants, but we have had gradually to get rid of many temporaries. Again we had in the regions about 5,000 permanent staff. The Treasury organised what might be called a campaign to absorb them, and with the help, and I must say generous help, of all

Departments in Whitehall and Scotland most were absorbed. It meant, of course, that promotion was slowed down, and indeed stopped in many places; but the Staff Side of the National Whitley Council co-operated fully and made it a matter of pride that the Service should be able to tackle this job. It was tackled, and although there have been difficult cases, on the whole it was done remarkably smoothly, and we shall run down, I think, to about 5,000. At that point we reach more or less bed-rock, because some of our functions are permanent functions of Government and in some ways the most difficult which the Ministry has had.

3594. You are going to become part of the Ministry of Agriculture?—There is to be a merger. It is a combination of the two Departments with a new title; the concept is a balanced Department in which the interests of the producer, processor, manufacturer and consumer will all be represented.

3595. When this great expansion took place do you know whether there was any dilution of standards or overgrading?—I can only talk about that with experience of the situation as it is today, of course. I think dilution is a word one must use carefully. I take it that what you have in mind, Sir, when you talk of dilution is a lowering of standards. Of course any large organisation blows up from a few hundred bodies to many thousands is bound to have its weak spots. But we did draw in from the outside world some first class material, and some of those people are still with us; they would compare with anybody recruited to the Service over the last thirty years. We also drew in a lot of temporaries who have gone. We had moreover to promote from the executive class to the principal grade and to the assistant secretary grade. Now that last process was not necessarily dilution in the ordinary pejorative sense, because in a period of great stability as there had been between the wars the Service had built up in the executive class a number of very experienced people of ability who had not got promoted; and I think the country was very lucky that there was such a pool to draw on. The mere numbers of people in the grades of principal and assistant secretary are not much to go on, because the complexity of function in a Department like the Ministry of Food was immense. One might think from the numbers that we did lower the standard, but, in fact, the jobs that had to be done were man-sized jobs; and my impression, coming to the Ministry of Food from the Ministry of National Insurance where I had been for a few years just after the war,

was that the work of assistant secretaries and principals was very much up to pre-war standard. The span of responsibilities grew, supervision was not as close, and people had to act on their own in a way which the pre-war civil servant might often have jibbed at. I think the result of this process of (a) bringing in outside people and (b) promoting from other classes, the executive mainly, is that you do tend to get a certain number of people who are horses for courses. They are not as flexible as the man who is brought in young, with a very good educational background and then pitched from one job to another. But when you say they are horses for courses and that they are not so easy to transfer, that is merely a statement of the obvious. The State had to have certain difficult jobs done which had never been done by State servants before, and had to have people to do them; and the people did them, I think, extremely well. The jobs have gone in some cases, but as very nearly all the people we are now talking about are elderly there is no great problem. They have long service; most of them will be retiring within the next few years, and as far as the Ministry of Food is concerned there is no real problem of dilution.

What I have said, I think, also covers overgrading, and I would illustrate what I want to say by taking a few examples of divisions that are run by assistant secretaries now. By comparison with my own experience of the inter-war years, the assistant secretaries in the Ministry of Food are doing as big as, if not a bigger job than, the jobs that were done between the wars. For example we have at Guildford a meat and livestock division under an assistant secretary. That is the division which has virtually carried through the decontrol operation on the home front and switched over from Ministry of Food purchase to a deficiency payment scheme—a vast operation involving detailed negotiations with producers, local authorities, auctioneers, meat retailers and wholesalers; and leading to the production of a scheme which is about as complicated as anything one would ever wish to handle. That work is all under an assistant secretary and that division has a very real responsibility.

Another division which is again run by an assistant secretary is the hygiene and standards division which has been responsible for the latest Food and Drugs Amendment Bill. This job was largely conducted by the assistant secretary in charge; he dealt with all the amendments, briefing the Minister, and did a great deal of the preliminary work on it, though he had to refer, of course, to his under secretary on some things; the under secretary covers a much wider span.

sense as distinct from what I should call spot trade, the civil servant comes out of that sort of thing very well, in my experience. For instance, we have had to conduct negotiations with New Zealand and Australia on meat, complicated and rather tricky negotiations involving elaborate agreements of a commercial character, and I would say that your assistant secretary and under secretary stand up to that type of negotiation very well; and I think you would get that confirmed if you asked the people with whom they negotiate!

3615. Some of them, I believe, have even left the Service as a consequence, have they not?—Yes.

3616. They have attracted notice outside?—Yes.

3617. Among the administrative staff during the war there were promotees from the executive class?—Yes.

3618. Was there any difference in quality of performance between the two types of promotee?—I must speak with caution here, because I was not there before 1951, and I can only speak on the basis of my actual experience since 1951. I would say that the performance of the people promoted to the grade is excellent, and that it is hard to detect differences according to source. I would, however, say that some of those promoted from the executive class would be more difficult to transfer to another job than some of those who came up through the ordinary channels, or, indeed, some of those who came in from the university world at the outbreak of war. It is inevitable that if a man with a good brain gets promoted at 50 after long experience in some executive department and you put him on to a job, he does it excellently. But if you want to move him and the job involves something new he is not as flexible—I think you would not expect him to be—as the man who had been an administrator from the start.

3619. *Mr. Burman*: Do you think there is a need for more fluidity in promotion from the executive to administrative class, particularly in the great trading Departments?—We have had the utmost fluidity in the Ministry of Food. I think it is fair to say that in the Ministry of Supply, in which I served for a good many years, there was also a great deal of this fluidity. The need, of course, for this sort of thing arises in special situations such as the war. In normal times I think you want to keep up your standard of potential interchangeability. You do not want to promote too many horses for courses, and that is the danger, of course, unless you take your people very young. Now there is, of course, the special entry method by examination for the young executive; one of my best young executives has just been success-

ful, and he will, of course, merge into the administrative class, and I hope that he will be very successful. But if you have transfers at higher ages you tend, I think, to lose the element of free interchangeability. You may have a job for a man, a very good job, and he may do that job very well, but you are at risk. Of course, there are exceptions to this, there must be, and I must not be taken to be laying down hard and fast rules to cover every case.

3620. *Mr. Menzies*: Could I follow Mr. Burman's point up, Sir Henry? According to the Factual Memorandum half the entrants to the administrative class come from promotion or limited competition. Do you think that is too high, or too low a proportion?—I think it depends on your material. I would try to keep the standard very high. If you can get the people take them, but do not let it be an excuse for lowering your standard.

3621. On the question of salary differentials between the Civil Service and outside, have you formed any impressions as to how the remuneration of assistant secretaries and under secretaries compare with those exercising, shall we say, managerial functions outside?—If you mean the managerial class in industry and commerce, I think that there has been a definite worsening of the position as compared with pre-war, and with, say, 1949-1950. I think it is fair to say—I have a number of contacts with the commercial and manufacturing world, and I have put this sort of question to a good many people and they all confirm it—that the class have, on the whole, managed to double their salaries since before the war, and part of that process has taken place in the years 1950 to 1954. Of course not only have they doubled their pay, but, by reason of great competition in the business world to get hold of good people, there has been a tendency to hold out attractive baits in the form of allowances of one kind or another which are enormously valuable given the present tax system. It is not only the salary you look at, but also the allowances. We have had a bit of experience of the disparity between the outside people and ourselves in the Ministry of Food. I lost an under secretary about a year and a half to two years ago, one of the best. He was a temporary made permanent after coming in at the beginning of the war. Prospects were held out to him that if he were successful, as I have no doubt he will be because he is a first class man, he would jump to a level quite out of his reach in the Civil Service within about five years. I am going to lose another high-ranking man early next year. I am at risk on another man, who I think will probably go next year.

3622. *Mr. Cash*: Could you tell us their ages?—The first about 45; the others are older but would in the ordinary course have remained in the Service for some years yet.

3623. *Mr. Menzies*: Could I turn to another question on which we have had evidence from the Society of Civil Servants. Before I do so I would like to put to you these sentences from paragraph 268 of the Factual Memorandum.

"It is not always possible to draw a clear cut distinction between policy work and executive work, so that in many cases jobs are done by chief and senior executive officers which are of the same broad level of responsibility as that of principals. Chief executive officers and senior executive officers are also found in local or regional offices being used in a managerial capacity."

The Society put certain claims before us, the effect of which that P.E.O.s and S.C.E.O.s should equal assistant secretaries; and chief executive officers principals. Would you care to comment?—Yes, I think the best way of illustrating it is to take examples. The principal executive officer is the normal grade for regional controller, and a fairly high proportion of P.E.O.s have been controllers of regions, whether in Ministry of Food, National Insurance, or elsewhere. They have a big managerial job; they have to control large staffs; they have a big machine which they have to keep running; they have to see that payments are made to thousands of people, or that rations are issued; they have to meet local committees, advisory committees, and they are responsible for the running of their region. But they are distinct, I think, from the assistant secretary proper inasmuch as they are not asked to work out a new policy on any subject from the start. They are frequently consulted, and properly consulted, in fact consulted with great profit and value, on adjustments of policy which appear to be justified by the turn of events on any particular line of administration, but they are not asked to create a new policy, and, generally speaking, those people would not be in their element. In fact they might well be completely lost if you set them down in Whitehall and said "Now we have got to legislate on food and drugs, what shall we do about it?" That is not their job. It would not be fair to say that to them, but they have a very responsible job in administering and managing a big block of staff and work. When you come to the C.E.O.—we will leave out the senior chief executive officer who is a rather rare animal—he is, I think, a man who is employed partly in regional jobs of the same sort under the P.E.O. that I have

been talking about and partly in headquarters offices to do a heavy volume of work on which policy is broadly settled. No policy is of course ever finally settled, but there are jobs where you can say "This is running fairly smoothly, it can be handled by someone we do not expect to be the originator of new policy". That is essentially the sort of job that the C.E.O. will do, and he will do it in some jobs where we might theoretically say that this is an administrative principal's job. It is not very easy sometimes to draw the line between these two, but the line I would draw, and the line I have drawn in organizing Departments in which I have been responsible for organisation, is that you put a C.E.O. in where there is quite a heavy volume of work requiring experience and the qualities which derive specially from experience, but you do not ask him, generally speaking, to do an independent originating job in the policy field. He may be, and often is, a very valued assistant to an assistant secretary who has a policy job on his plate, and the experience of the executive class is invaluable, but I think there is a clear distinction which you can see on the ground on the job.

3624. *Chairman*: One of the problems, Sir Henry, we have had raised, particularly by the I.P.C.S., is the need to create careers for civil servants. I take it you would agree with some of your predecessors who have been before us that main regard must be had to function?—I think that is almost axiomatic. You do not put people into certain grades because of careers, but because the jobs have to be done.

3625. Another point put to us is that there is no complaint about the general quality of assistant principals, but that there is a bit of a shortage of the sort of man you want to put into a Minister's private office fairly soon. Have you any experience to suggest there is a shortage of the real top quality people?—It is a very difficult question to answer. The Civil Service Commission, of course, are perhaps in a better position than anybody else to judge, and I can only give you a rather subjective view, for what it is worth. I do remember when I was a principal in the period between the wars, that we had a gap between the post-1914-18 war recruitment and the new examination recruitment. When the first batch of new people came in I was in the Ministry of Labour and I happened to know three men well personally. We all said, "These are flyers". We recognised them at once before they had been in more than about a year. Two of them are now permanent secretaries and one is a deputy secretary. Now I find, although I have seen every assistant principal coming

into the Ministry of National Insurance and the Ministry of Food while I have been there, that, apart from the immediate post-war recruitment when the Services did throw up some very fine candidates, my own experience, limited to those two Departments, which perhaps are not the most attractive for young men seeking careers in the Service, has not been altogether comforting. There are some good people, but the intake within these particular fields has not seemed to contain enough people of the sort we are looking for and which you need very badly.

3626. *Mr. Menzies*: The depression of salaries to which you have already referred in the middle and upper reaches of the Civil Service, do you think that has something to do with it?—I do not believe it had any effect on the immediate post-war candidates, but I believe it is beginning to now, because I think that the young man at the university says to himself: "If I am reasonably good I shall get to be an assistant secretary, and what shall I get at that level?" He then looks at that, and, although £2,000 or something of that order may seem a lot to a young man of 23 or 24, I think he is a little more inquisitive than some of his predecessors; and he now knows that on that sort of pay it is very hard to live anything like a full life with living as it is today in London, in very expensive conditions, with no help for the education of his children. He knows, by everything he hears, that London is a very expensive place in which to live and he says to himself: "I know it is an interesting life, but I think I can do better outside", and I think a lot of them do.

3627. *Sir Alexander Gray*: May it not also be that the Civil Service nowadays are asking for many more people than they did?—Yes.

3628. Then are you not bound to come down the scale further?—Yes, but I do not think that is the whole story.

3629. It may not be the whole story but it is a considerable part of it. I doubt whether, on the figures you are taking, the Civil Service can expect to get so high an average.—I do not think we are saying that there may not have to be some falling off if the total supply is not big enough, but I think that my point—and, as I say, it is a very subjective statement—is that among the people we are getting we are not getting the leaven of really first class people whom we need, two or three each year of the very best.

3630. May you not be getting the same absolute number of good people with a great deal of dilution of weaker people?—

There again the Civil Service Commissioners are in a much better position than I am, but the impression which I have, from my experience and contacts with other permanent heads, is that the people of the type I was saying we spotted in 1926 or 1927 are not so easy to spot, even if you assume they are there.

3631. *Chairman*: Competition outside for the very best brains has increased considerably?—It has, and I think that superannuation cover, full employment and security of tenure outside have evened out the attractions. I believe also that one of the factors is an intangible factor: apart from superannuation and the known pressure of work in the upper middle ranges of the Service, the campaign by the Press of denigration of the Service has, I think, bitten pretty deep at the universities. It is perhaps inevitable after a long war; with the interference with liberties and private life, that you should get this sort of campaign. It is always easier to attack the instruments of policy than to suggest changes in policy.

3632. *Sir Alexander Gray*: But is there anything new in this?—I have noticed in my time that feeling has become rather more bitter. I think it is a natural reaction to over-government, "too many civil servants"—but I think it is a more popular line in some respects than it used to be.

3633. *Mr. Burman*: Of course, in the other direction, many years ago industry was not considered quite "nice" for the honours graduate, but it is more respectable now?—Yes.

3634. *Sir Alexander Gray*: Has recruitment suffered by the disappearance of the Indian Civil Service?—Probably, yes.

3635. *Mr. Cash*: May I, Mr. Chairman, follow up one point which has been raised over and over again? You may have seen what Sir Edward Bridges had to say on the subject, both with regard to the recruitment and also with regard to the retention of good people. There is this question of what one calls the austerity of the Civil Service over housing and allowances of one sort or another. Have you any view generally as to that problem in the Civil Service? One is always met with the answer that public opinion would not allow the Service to go even one step further.—It is a very difficult point, and of course, if the practice of allowances of one kind or another continues to spread outside, it will make the position all the more difficult. My own view is that it is extremely hard for the public service to depart from its present standards, and I would personally oppose any departure.

3636. The only way therefore is to relate your salaries to something comparable outside, taking these things into account, but of course they are always subject to extra taxation?—Yes, I agree. I do not think it would be suggested that there must be an absolute matching of commercial and civil service salaries. There must be a differential because it is a different world; you are not so secure and you can fall from the pinnacle to the bottom in no time. But I do not think public opinion would tolerate any extension in the public service of the sort of things which are regarded as legitimate if you are handling your own money.

3637. *Chairman*: Do you think more could be done at a lower level with meal vouchers and things of that sort?—Possibly at the lower levels. I think you can do at the lower levels what you cannot at the higher.

3638. *Mr. Menzies*: May I follow up this question of salaries at the top levels? Public opinion seems to tolerate, without undue repugnance, the salaries obtaining in nationalised industries. Would you not agree that there is a marked discrepancy between the pay of a permanent secretary and the chairman of a nationalised industry?—That is a very embarrassing question! It is very difficult for the Government to deal with its higher paid servants; after all, for example, Cabinet Ministers are paid £5,000. Of course the Tomlin formula with its reference to long term trends, has rather encouraged the view that you do not frequently vary the salaries of the higher Civil Service. That is all right in a period of great stability but in a period like the present it is producing, I think, some hardship among the upper and middle grades.

3639. *Chairman*: Have you any views on the Treasury proposals for hours and leave, from the point of view of management?—I do not think that in our sort of service a five day week is really appropriate, but a five day week is general in many industries; and it is going to be more and more difficult to get the lower grades recruited on the basis of a six day week. So far as many grades of the staff are concerned it is not going to make much difference. So long as Parliament sits on Mondays and there are questions to be answered, and so long as the Cabinet sits on Tuesdays and Wednesdays and there are papers to be circulated, Saturday morning has to be a day's work and it is often a very busy day. Still, we have to face it, I suppose, although of course it is in some respects tantamount to a five day week in a Service industry, which is almost a contradiction in terms! So far as local offices are concerned it poses a very awkward problem. The

Ministry of Food does not matter now, but in National Insurance, Saturday was, and still is, a busy day. Other people who have a five day week think this is an opportunity to come to clear up their difficulties. So you will either have to increase the staff or you will have to give people time off on other days of the week, which may upset the flow of work. It is going to be a real problem, but the offices have to be open.

3640. You think it is necessary to approach the five day week in view of the general position throughout the country?—I think the Treasury proposal is probably the best compromise you could make.

3641. *Sir Alexander Gray*: But is not the five day week rather a London vice?—I think it is pretty widespread in productive industry now.

3642. *Mr. Lloyd Williams*: Could we have your thoughts on the question of leave and the feeling in the Service about the Treasury proposals?—I think the feeling is one based on, shall I say, the principle of prewar practices being restored rather than the actual content of the proposals. After all the Treasury have said they will be negotiated. But when you look at the proposals, taking the people who are perhaps most affected, the people who had a generous allowance of 48 days, it was honoured in the non-taking rather than in the taking; the higher staff could not take 48 days. The proposal, I think, is 30 days for them. A fortnight under the old scheme counted 12 days. Under the new scheme it counts 10½. So theoretically you take a month's leave for 21 days' counting. That still leaves 9 days of proper leave allowance plus, theoretically, 22 Saturdays. I do not know whether the comment which has been made on this proposal is not perhaps rather related to an emotional sense of the public service having had certain distinctions before the war, for example, long leave, and the feeling that those distinctions are being whittled away. Of course they are only being whittled away in a very narrow sense and the alternative proposals are, I think, in the present circumstances pretty generous. And, as the Treasury pointed out, they are a matter for negotiation. I do not think that really, on a dispassionate assessment of these proposals, there is very much wrong with them.

3643. *Mr. Cash*: When you compare them with the kind of leave which the university world has it is one thing; if you compare them with the kind of leave the industrial world has, it is another. Of course if in fact it cannot be taken, you can take two views on that, can you not? You can either say, we will grant it—knowing perfectly well it will not in fact be taken—or you can say, let us be realistic

and come down to what is feasible?—Yes, if you grant it in the knowledge that it will not be taken, you presumably grant it in order to get something else, that is to avoid paying perhaps quite so much, and therefore I think it would not be fair. The long allowances derived, of course, as a historical tradition from the distant past.

3644. *Sir Alexander Gray*: Did the long leave in the old days operate at all as a bait for recruitment?—I imagine it did.

3645. In which case there is a grievance?—Yes, a slight grievance, but I think most of the people who have come in within recent memory have not been able to take their leave. I do not think these proposals are by any means ungenerous.

3646. The executive officer has a disproportionate amount of leave today compared with the outside world?—Yes, and I think if you want to be compared with the outside world and probably must be so compared, up to a point, in order to have a reasonably full life, then you must take some of the disadvantages of the outside world.

3647. *Mr. Burman*: You mentioned, Sir Henry, that staff are seldom able to take their full leave entitlement: would there be, in your view, an advantage in the Service in the increased use of sabbatical leave?—It is a thing we would all very much like to see, but it is exceedingly difficult to arrange, because the man who would most profit by it—your good up-and-coming young principal—is just the man who feels "out of sight, out of mind"; a job crops up while the man is away and has to be filled at a fortnight's notice and he thinks he has lost his chance.

3648. If it were regularised instead of being spasmodic, would that help?—You mean that in every principal's career there should be a year or six months, yes, I think that would help but of course that would be fairly expensive to arrange because you would have to man the grade rather more heavily in order to permit it.

3649. You feel that, as it must always be subject to the exigencies of the Service, in point of fact it would be more honoured in the breach than in the observance?—I am afraid so. I have made great efforts myself on behalf of individuals to persuade them, or arrange for them to go on some special course or special scholarship. I always find the man you want to send, the man you think would most profit from it, is a man who at that moment is in the Minister's private office, or engaged on a Bill or just going to be engaged on a Bill; and you go for the second-best then, and he sometimes goes and sometimes does not. He sometimes does not go with that readiness that you would like.

3650. *Sir Alexander Gray*: What would you make him do in his sabbatical year?—A Rockefeller scholarship is one example.

3651. Might there not be difficulty there in a man refusing to go for family reasons and that sort of thing?—Yes, you have to find someone who will go; that is always one of the factors.

3652. *Mr. Cash*: It could of course be done in a slightly different way possibly if you extended the upper grades' leave allowances and allowed them to accumulate it if not used?—Yes, that is an ideal a good many of us would like to see! But we have made transfer arrangements; for instance in the Ministry of Food we have exchanged a principal with a man of the same grade in the Australian Department of Commerce and Agriculture. We have each taken a man from the other for a year and it has been a very interesting experiment.

3653. *Chairman*: Have you any views on arbitration for higher staff?—I am, I think, conservative on this. I do not believe that it is realistic to arbitrate for the managerial classes of the Civil Service. I think that arbitration is the last method which you ought to resort to—I mean arbitration in the ordinary sense of the word—for those people; but I do think, and I agree with the Treasury on this, that some outside body would be helpful. I think I would go a little further than the Treasury and say that not only should the Government have access to it for advice but that the people affected should also have access. It would not be an arbitrating body—it could only advise the Government—but it would be a weighty body which would give weighty advice; and I am not sure that I agree that access to it—this is a personal view, of course—should be denied to the representatives of the grades concerned. The ordinary clogs and delays on action can be so enormous if some stimulus cannot be given on the part of those interested, and I feel it might sometimes help the Government not to have to take the initiative.

3654. One suggestion was that whatever body was set up might take the initiative itself?—Yes, but it would almost certainly need getting into motion from one side or the other.

3655. This question of broadbanding in the higher levels: do you agree with that?—I think it is almost inevitable.

3656. Then there is the question of provincial differentiation. Have you any views on that?—I have had to administer it for two large bodies of staff and it is admittedly a problem, especially now that you have it exaggerated by the effect of c.d.a. This

means you do in fact get cases where you cannot transfer people from, say, headquarters to a provincial post, even on promotion, without a good deal of resistance. Of course they mark time; they do not actually lose money, but it causes trouble especially if a man is nearing the retirement point; they are troublesome difficulties rather than major difficulties of principle. I think that the principal purpose of differentiation is to mark the difference between London and the provinces, and there is no doubt that if you did not have provincial differentiation you would have to have some sort of London allowance.

It may be that some of the gaps—and of course they have become distorted because of c.d.a.—want examination. I have sometimes felt there are places like Manchester and Birmingham where conditions are so near metropolitan conditions that I wonder whether the present differentiation is right. It does create difficulties in a very few extreme cases in the middle executive grades

where it leads to people saying they cannot take the job, even on promotion, but if you enquire into it you usually find some other reason behind it; the wife does not want to move, the children are at a certain school or something of that kind.

3657. Have you come across actual cases of refusal to take promotion?—We did in National Insurance, but it was a combination of factors—not mere absence of big differentials between grades—but a combination of provincial differentiation with extra duty allowance, plus the narrow differences between the bulges in the concertina. But this finely graded hierarchical Service always throws up such problems; you had it before the war, when there were examples of overlapping scales. The real trouble now is that the Service is being pushed up from the bottom and held down at the top.

3658. Sir Henry, I thank you for an interesting morning; we are very grateful.—Thank you, Sir.

(The witness withdrew.)

(At this stage the proceedings were adjourned for a short time.)

[Examination of Witnesses]

PROFESSOR T. U. MATTHEW, *Department of Engineering Production, Birmingham University,*

MR. W. S. BRISTOWE, *Head of Central Staff Department, Imperial Chemical Industries, Ltd.,*

Called and examined.

3659. *Chairman:* May I start by saying thank you to you both for coming in response to our request? We thought we would like to explore whether, either now or at some future date, it might be possible to use job evaluation to a certain extent to help to solve some of the problems set by the civil service pay structure. That is why we have asked you to come along today to give us the benefit of your advice.—*Professor Matthew:* Sir Raymond, I am very interested in the subject; I have had to do with job classification and job evaluation both in theory and practice; in fact I am currently engaged in advising and introducing a scheme in an industrial company which stretches right up to the top administrative posts. As I see it there are many uses of job classification and job evaluation; and the main question that seems to have arisen is whether we can apply this approach to determine the vertical relativities and horizontal relativities of job requirements and of salary scales both in similar categories of jobs and in widely different ones. Taking first of all, internal vertical relativities within clearly

defined groups, it is from my experience, possible to obtain consistency by using job classification methods, since the job requirements have in any case broad similarities. With internal horizontal relativities you can attain some degree of consistency, but it is more difficult since the job requirements may vary very widely. Nevertheless, it is possible to make evaluations and to test their consistency in various ways to find out just what degree of variability there is in assessment on the one hand; and how the scale obtained relates to the existing salary and wage structure on the other hand. A number of cross checks will give you some assurance that consistency is being achieved. I think the difficulty that has been voiced in the evidence that you have taken so far relates mainly to fair comparisons between Civil Service and outside jobs in industry and commerce. In my opinion consistency and agreement—the two things would need to go hand in hand—would be possible only if certain conditions were met. The first condition, as I see it, is that any job classification and evaluation scheme which is

drawn up should be drawn up having in mind that comparisons would be made between jobs inside and outside the Civil Service. It would not be enough to set up a scheme for the Civil Service and then, at some later date, to attempt to make comparisons outside. You might then find you were running well beyond the terms of reference of the original scheme. Secondly, it would be important that agreed job specifications were prepared. It is not enough to have job titles. Job specifications must cover responsibilities, duties, the actual work involved in each job, and these should be prepared departmentally and sectionally in consultation with the individuals concerned, otherwise you cannot hope to get agreement in the long run. The third condition is that job classification and evaluation should be carried out by an agreed procedure; and I am underlining "agreed." It would, I assume, be thought appropriate in the case of the Civil Service to have staff representatives and their interests brought into the picture from the outset; that would increase the chances of agreement. Coming back to the first condition which I mentioned, the first task of any job classification committee would be to determine and agree which job characteristics were common to all the jobs and which should be used as a measure of job value. The next would be to consider and agree on the relative importance of these characteristics and to assign either percentages or degrees and points to each. There is a considerable amount of work to be done in preparing this foundation.

Arising out of the second point, that is to say agreed job specifications, I would just like to mention in passing that there is an important secondary purpose in most job evaluation and classification schemes which may link up with work already done in the Civil Service, namely that the preparation of job specifications does oblige departmental heads to study and review duties and responsibilities entrusted to them and their staff.

If I may go on briefly to the purpose of job classification systems, it is fairly clear, I think, that they have been developed primarily as an aid to making comparisons between jobs on a more systematic and consistent basis than is possible by simply considering jobs in the round. The first system of job classification is simple job ranking, which is perhaps similar to the civil service practice. In ranking schemes, where you simply compare jobs in total with each other and arrange them in order of rank it is necessary that the people engaged on the ranking should be in possession of full knowledge about each job and able easily to agree on the order of relative values of jobs. Ranking suffers from the defect that it is very difficult to say

what the steps are between the different ranks, and that is why there has been a need found in practice to develop a factorial framework of reference, using various forms of numerical rating against the different job characteristics. The concept there, of course, is that all jobs have a number of common or basic factors or characteristics. Once that concept is agreed, then after that it is purely a matter of working out a framework that meets the situation. On the numerical rating schemes there are, among specialists in this field, points of controversy. The most important one relates to the weighting given to the different factors or characteristics. In the type of job you are considering, where the main basic factors would be the skills, and mental characteristics required, the responsibilities, and physical requirements—four main factors—there might be controversy on the relative weights to be given to each of these factors. At this present stage of development of the art or science—it is not science, of course, although some scientific methods can be used to test the consistency of its use—this is the first question for evaluation, and the first question of judgment. It is implicit in all schemes that these different basic factors should be covered in some way or other.

It is possible, in practice, to establish a framework and carry out evaluation of key jobs, then to test back to see whether the weighting given is likely to lead to more anomalies than it is going to cure. That raises the whole issue of what is the objective in the long run. Is it simply to even out anomalies or are you aiming to create a different form of wage structure? Job evaluation may be used for either purpose, but the objective affects the design of the scheme used. I think perhaps that is as far as I need to go at the moment, but I would be happy to develop any points that you would like me to.

3660. Before we start to ask questions, Mr. Bristowe, would you like to say anything? You have a scheme in I.C.I.?—*Mr. Bristowe:* Yes, Sir, we have. We found ourselves in difficulties just towards the end of the war. At the moment we have about 31,000 staff, apart from operatives, in I.C.I. in Britain and so it was a fairly sizeable problem. In 1945 and 1946 we were rather disturbed about the fairness of our salaries system, so we carried out a detailed review and one part of that was job evaluation. I think it is job evaluation that you are primarily concerned with, but if it is of any interest I can leave behind a note showing an outline of the rest of our salary scheme. It does fit in, because, for instance, while we evaluate each job, there is a personal plus or minus

according to how a person does it; and there are various other factors which may be to some extent relevant.

(This note is printed as Annex I at the end of these Minutes of Evidence.)

3661. We shall be glad to have it.—As regards job evaluation, at that time there was a small panel of us and we had a look at all the various job evaluation schemes we could come across and tested them in quite a number of companies. Some we thought were too casual and others too elaborate. Eventually we devised something of our own. I do not know that there is anything unique about it; it represents a middle course. It cuts out a tremendous amount of what seemed to us unnecessary time and paper work involved in more elaborate schemes. Also we felt that a lot of these elaborate schemes were pseudo-scientific and really not more accurate than the work of a team of people who were fairminded and unbiased, who had a well developed sense of judgment and who could get their eye in after a time. We tested our scheme out against the more elaborate schemes and we thought it was far more satisfactory and a great saving in time. It is not so apparently scientific, but it do maintain that the breaking up of jobs into pieces, marking each piece and, then adding up the total, is not likely to give you a better result than getting a full clear picture of the job and assessing it straight away.

3662. Yours is a ranking scheme?—It is really a ranking scheme. Would you like me to tell you how we do it? Again, if it is of help, I dictated a note in case you wanted me to leave one behind.

(This note is printed as Annex II at the end of these Minutes of Evidence.)

3663. We shall be glad to have anything you can leave us.—There are various stages. First of all the appointment of a small panel of people some of whom, the way we do it, are always on the panel but who bring in other people depending on what it is they are going to examine; because this is a continuous process even when you have done the job once.

3664. Are there employee representatives on the panel?—No, there are not. Every department's head is expected to produce an organisation chart, which he probably has anyway, and he meets this panel; the chart forms the basis of the discussion. The first task is to rank all the jobs in that department in order of importance, regardless of who is doing the job and how well it is being done. Very often the order of importance does not follow exactly the appearance of the organisation chart. Then we aim at getting figures for

the top and the bottom, department by department. We start by fixing the maximum for the humblest job we can find. That we would not want to do until we had talked with other enterprises, other organisations, to make sure that we were not taking any step that was wrong.

3665. An element of fair comparison comes in at that stage?—At that stage we did make very careful enquiries about what other people paid for jobs at the bottom. Fixing the jobs at the top was obviously harder, but the senior man in the panel would then have to serve on another completely different kind of panel of very senior people to decide the relativities of the various jobs at the top—the heads of departments, the works managers—get them arranged in order of importance, and again make comparison with other employers to find out what sort of high salaries were paid. Again we fixed the maximum salaries that we thought were fair for people doing those top jobs. Then, having done that, the next thing we did was to draw up what was in fact a ladder, and the higher one went up the rungs the further they were placed apart. At the bottom they might be only £25, at the top they might be as much as £250 apart. Looking at a department, we could immediately put at least two people (the top and bottom) on rungs, and then working up and down put the other jobs provisionally on various other rungs: it was only provisional at that stage. Having done that we usually found that after using our judgment as far as we could, it worked out—in practice, not by design—that where we had a head of a department with perhaps two or three assistants, the two or three assistants came out at round about two thirds, or three quarters of the top job. Obviously there were not people on every rung in that ladder, but some reasonable spacing appeared to be possible. In working up and down perhaps we found the assessment did not meet in the middle, perhaps we had to re-arrange it; then, having done that for several departments we carried out cross checks, because we could usually find out there were at least some people in one department who were, in our judgment, just about the same value as in another department. In that way we got the feeling we were being pretty fair in our assessments. Before we decided anything we had quite a number of conferences with specialists. If we were dealing with chemists we got hold of all the people in senior chemical jobs in the company, directors of research and so on in our various units, and discussed with them the way these research departments, for instance, come out in this assessment. Similarly with engineers, accountants and so on. Then we went right to the top, to the main board of directors, and showed them the whole picture. There

was again argument, but at the end I think I can say that the feeling amongst those who had done the job, and amongst those for whom the job had been done, was that it was a fair result. We did not regard that as a final result, and ever since I have had on my staff some people whose judgment I particularly respect, and who are specialists on this thing. They are doing it continuously and forming panels to examine any type of job which we think has perhaps got out of line. Jobs change in importance and we may want to alter those job maxima that we originally assessed. It has worked very satisfactorily for about eight years.

3666. And the staff are pretty happy about it themselves?—I believe very happy indeed. I have asked hundreds about it in the last year and they are all apparently entirely satisfied with it. I mentioned it was part of a salary scheme, and I should perhaps mention one other thing which explains why they might be pleased, and that is that in fixing maxima we had to decide how quickly an individual should get to his maximum in a particular job. We thought it was fair to say that if a man was put in a job knowing something about the elements of the job beforehand, he would probably be doing that job as well as he was ever likely to do it in five years, so we took as a guide that in five years he should get to that maximum, regardless of age. He might get there quicker than five years, if he were particularly good, or he might get there slower than five years. It has meant speeding up in reaching high level salaries for our people. I have not got figures with me, but from the time we introduced this we found that our wastage rate, our resignations and so on, went down very substantially.

3667. We had hoped to have a representative of Joseph Lucas Ltd. here this afternoon, but unfortunately he has not been able to come. Professor Matthew, what sort of scheme are they working?—*Professor Matthew:* The Lucas scheme is of fairly old standing and it has run through a pattern which is quite interesting. It started out as a multi-factor scheme, quite a detailed one, and ultimately it has become much simpler. I should not really speak for it in detail because I am not in very close touch with its detailed operation, but I understand from Mr. Nicol, who I hoped to have been able to bring here today, that latterly it has been sufficient in most cases, with new jobs particularly, simply to rank. In other words once you have an established job evaluation framework, any new jobs arising are very easily positioned in that framework without very much discussion and without the use of the full detailed scheme except where controversy

arises. I know that they have been very satisfied with the success of the scheme and the pattern of application, I think, has broadly followed that described by Mr. Bristowe of successive consultation at various levels, which I think is a very important aspect.

3668. I gather you have had lunch today with the Dutch expert. Is job evaluation being applied in the Dutch Government Service?—Yes. Mr. Gevers Deynoot is chairman of the Dutch committee of experts on job evaluation and he is a full time civil servant. The committee of experts was appointed by the Dutch Government to co-ordinate the work of two other committees concerned with job evaluation in different sectors of industry. It is charged in fact with some of the work of national wages policy. He described to me the work which has been done in the Civil Service under the functional direction of the expert committee of which he is the chairman and under the line supervision of the Central Personnel Office. They have 45 job analysts; 20 engaged on the study of non-manual and 25 on manual jobs. This covers all branches of the Civil Service except the Post Office. On the non-manual jobs, the 20 job analysts act as a team, but they subdivide into groups of a few members, depending on the work to be done. They draw up draft job specifications in the first instance, and when a sufficient number of these for any given Department has been accumulated, there is a committee formed—I believe there are 10 such committees in the Civil Service—and they meet under the head of the appropriate Department or service. Also attending are the establishment officer of the Department, one or two of the managers, one or two representatives of the staff association, the head of the sub-group of the job analysts' group, together with such other members of the job analysts who may have been concerned with drawing up the draft. This committee then carries out the evaluation, and the results of their recommendations go straight to the Central Staff Organisation Committee which ultimately recommends to the Minister. The work of these 10 committees is co-ordinated both by the committee for job evaluation for civil servants and also with the industrial committees, so that the industrial people are involved at that stage and the fair comparison idea is brought in to keep the civil service wage and salary structure in line with industry. That is the picture I formed from my discussion today, and it amplifies what I had already gathered from previous discussions. At the moment they have not gone beyond jobs of a level of junior supervision, but there is a committee actively carrying forward the development of the system for the higher grades.

Chairman: Thank you very much.

3669. *Mr. Burman:* I would like to ask Professor Matthew one or two questions. From the description of the schemes of which Mr. Bristowe has given us one example and you have indicated another, I am just wondering whether they are in fact job evaluation in the theoretical sense of the term, or whether they are not ranking of jobs and then evaluation of the individuals holding those jobs. Let me make it clear, first of all, that I am not interested at the moment in the industrial grades and clerical grades in the Civil Service who are doing jobs which can be measured accurately and go almost into the work study field rather than the evaluation field, but the executive and managerial grades, and particularly the administrative policy making grades. How does one evaluate a job where original thinking is necessary, and how far can one only assess the intellectual qualities of the individual and then relate that back to the job he is doing?—I think, Mr. Chairman, Mr. Burman is really implying that the individual to some extent makes the job, in the higher executive grades.

3670. You can never separate the aptitude, the intelligence, of the individual from the job he does. I am leaving out merit rating, which I think you have got to bring in with job evaluation, but I am not sure from the multi-factor method how you can evaluate a job which requires original thinking, because you do not know what the job is, it has not happened.—If I may answer this in two sections, I think we can conceive of a framework of reference in which skill, responsibility, mental characteristics—which would include originality of thought and imagination—and physical characteristics would be included. Now that framework of reference has regard to the requirements for the job irrespective of the individual in the job. That is the basic concept of job evaluation, and if you study an organisation structure for any company you can see quite clearly the different functions that have to be discharged at different levels, and you can proceed to set out a theoretical organisation designating exactly the duties, responsibilities, functions, authorities, cross relationships and everything else related to each job in that structure. That is a theoretical concept but it is still very valuable to have. It may be that you are fortunate in having in one particular post a man of great initiative and originality who in fact makes of the job which he holds something of much greater importance in the structure of the organisation than one could forecast theoretically or would appear to be necessary. In other words he adds to the progress of the company or the organisation in a way that another man would not do, so that when you come to

review his job and state his duties and responsibilities—as distinct from a purely theoretical view of the job requirements—the actual duties and responsibilities assumed by that individual may appear quite different. The problem is whether to evaluate on what is the current position or on what is the theoretical position. My own impression is that in any organisation—since in any case an organisation is not a rigid thing but a living structure, which must to some extent be shaped by the people who enter it—the only thing one can do in job evaluation is to define the job in terms of duties, responsibilities and functions now being discharged. Once these have been specified and agreed by the executives concerned, then you have in fact taken charge of the situation you are describing. The question of evaluation still remains to be answered.

3671. But if it is a valid theoretical concept and it is claimed that it can be applied to any particular job done by human beings in the manual, administrative or clerical sphere, it should then theoretically be possible to evaluate the members of a Royal Commission, for example. How would you set about evaluating the members of a Royal Commission in respect of the work they do, without taking into account their qualifications and their mental capacity?—I think the answer is that inherently in any organisation there are certain duties and responsibilities to be carried out by a number of different posts. If you have men in these posts who are outstanding, then the only way in which you can take account of their special qualities, if you wish to maintain this, I suggest, unstable situation, is to do what Mr. Bristowe has described and not only have a job evaluation scheme which gives you a base line but on the base line have some type of merit award or merit weighting which takes account of the individual performance in the job. If in fact the individual's personal qualities take him above the top level of requirements for the job, then clearly he is too good really for that position. He should move into a higher position where his qualities would be fully used. That concept is used quite widely in considering promotion possibilities. There are many men holding jobs with limited duties and responsibilities who have in fact much larger capacity. It is then clearly open to the higher executive in the organisation to move such a man into a higher position, in which case he would then be on the correct step on the evaluation scheme.

3672. *Mr. Hall:* I follow that so far, but what about the position where two jobs have many points of similarity but two or three rather important points of difference.

You have got to make some kind of relationship between them. What always baffles me is how you do that without perhaps sub-consciously using a monetary factor, having at the back of your mind the knowledge of the value of those two posts which might influence your weighting. Can you separate those two things?—That is rather a difficult question to answer. I think it is fairly clear that the people who originated the detailed job evaluation saw it mainly as an aid to clear thinking in looking at jobs, characteristic by characteristic—it in fact helped to divorce the thought of the money content of the job from that of the job requirement.

3673. *Chairman*: It is when you introduce any concept of pattern into the purely factual material you have so far got. What happens at that stage? Why should this job be above or below the other?—There is another point which I think you are implying, if I may say so—that this gives us mathematical precision. I do not think anyone who has practised job evaluation would hold that for a moment. Moreover, even when you have got a line connecting the relative value of the job, studied factor by factor, with a salary scale, that is still merely a guide.

3674. *Mrs. Wootton*: Would it be fair to say that you do not aim at all to eliminate subjective value judgment when you construct a pointing system, but you find it an aid to applying this judgment more consistently?—I think that would be a correct interpretation of what is attempted.

3675. *Sir Alexander Gray*: Might I try to clear up my mind with regard to Mr. Bristow's position? I understood you to say that your scheme is to get a team of fair-minded people to go round and arrange things in a sort of ascent—the more important, the less important job, and so on—and then you said you fixed a salary at the bottom and you fixed a salary at the top. How do you get these salaries, by just looking outside?—*Mr. Bristow*: By comparing what we have got already with what was thought right in the past, by finding out what other people are paying, by thinking of the past and seeing the present cost of living; all those factors would be taken into account in assessing the simplest job that we could find—ledger clerk, for example.

3676. Then you do the same at the top?—No. Judgment comes in much more there because it is difficult, as I think Mr. Hall was implying, to compare, shall we say, the top research chemist with the top sales manager. It is rather difficult to get from one to the other, but we have found very often that the gap can be bridged to some extent. Say there is a man in charge

of sales, a man in charge of developing sales looking for new ways of selling, perhaps a technical man in charge of what we call sales service, a man in charge of technical development. You can get hit by bit some sort of measure of comparison which bridges the very distinct gap between the top research man and the top sales man.

3677. You get the bottom salary and the top salary without reference to job evaluation?—Yes.

3678. And then what you do is to arrange other salaries in between on what your team of fair-minded men think is the order of importance. It does not come to more than that in your case?—It does come to that.

3679. Job evaluation does not tell you the salary but the order of salary in the eyes of your fair-minded men?—Yes. In relation to standards set at the top and bottom.

3680. *Mr. Burnan*: I was most interested in what Mr. Bristow said in his opening remarks about the differing gaps as you went up the steps in the ladder, so that, given the individual steps in the hierarchy, the change in salaries is not a linear function?—No.

3681. Would it be a geometrical function? You did give us some idea—second to the top, three quarters.—We found, generally speaking, that from the top to the next layer, in one unit, where there may be perhaps two or three people, it has in practice worked out that the lower job has been about two thirds or three quarters of the top job, but that is not constant in every department. It is, I think, one of the weaknesses of some of these far more detailed point evaluation methods that you get a result that is contrary to common sense; the mathematics work out to a certain figure which you just feel is completely wrong.

3682. Is that a conscious policy or a traditional one—the variation in the gaps as you go up the scale?—We did not have anything of the sort before 1947 when we introduced this scheme, but it was not deliberate.

3683. *Mr. Willis Jackson*: Do you have a grading scheme with regular increments such as characterises the Civil Service?—No, we have no regular increments. We have age scales up to age 26 for all the clerical grades and laboratory assistants and draughtsmen, but for nobody else. Otherwise we say that an average man, however young he is, ought to get to his job maximum in about five years. He can get there more quickly, he can be slower. It cuts out the problem of the brilliant young man who is always being paid less than he is worth.

3684. Suppose you had been conditioned to a grading scheme such as the Civil Service one? Would the way in which you approach this problem be applicable?—Yes, I think so, to get the maximum for the job; the question of varying the speed at which you reach it is a different one.

3685. *Mr. Hall*: I understand you have also a quite elaborate reporting scheme on each individual officer, and that is an integral part of the scheme?—That is because there is no automatic increase in salary each year. The recommenders can recommend no increase or they can recommend a very big increase according to the merit of the individual. At a certain point he comes to his job maximum and if he is very good he can have a personal maximum of 10 per cent. above that. If he is not good he can get a personal maximum of 10 per cent. below it, which we think is salutary. He is told: "We are sorry. You were told when you were put into this job about this personal maximum. We are rather disappointed in you now, but it is up to you. You can have that personal minus cancelled if you improve". As far as the good man is concerned we also think that for administrative purposes 10 per cent. is quite a fair figure, but any head of a department can recommend a man for more than a 10 per cent. increase above the job maximum. That always gives rise to the salutary question: "Well, is he really as good as this? If he is we probably ought to take him out and find him a better job".

3686. That is the responsibility of a man's immediate superior in hierarchy, not of the detached body on the side?—Yes.

3687. *Mr. Menzies*: You know that we are concerned with the problem of effecting satisfactory comparisons with outside standards of remuneration; and you know that the Civil Service is characterised by a very highly elaborate system of grading of duties with salary scales and quasi-automatic annual increments and that that is not quite so common outside, and as regards various senior posts does not exist. I would like to ask you whether you think, in view of that major difference in the methods of remuneration between the Civil Service and outside, that the methods of job evaluation could be applied. Can you compare a graded service with an ungraded service by these methods?—Yes, I think so, definitely. Perhaps I have not made it clear that I am not necessarily agreeing with Professor Matthew in the method to be used, because I am rather an opponent of the detailed factor systems, but I do think that those comparisons can be made. As a matter of fact in the background we have made a certain number

of comparisons with various Government Departments who have approached us.

3688. I take it you have read the evidence given by the Treasury, and the answer which Mr. Fraser gave to question 3218: "One of the reservations which we have is that it is not easy to say how any of the systems of job evaluation that we have yet seen, though I am sure there are plenty of others that will be produced, would marry on very happily to our system of incremental scales with virtually automatic increments or to such things as age pay or special starting pay for experience."—I do not know the background, but he may have been thinking of the type of job evaluation scheme that I personally do not like myself.

3689. He was talking about the whole practice of job evaluation. My point is quite simple, and I think you have answered it; you do not see any fundamental difficulty because of this marked differentiation in the method of remuneration?—No, I do not. One has got to find out the differing responsibilities of the people one is comparing, but I think it can be done.

3690. In your experience of this matter, both of what is done in this country and abroad, has it been very generally applied to other than repetitive work?—I do not know the statistics about how many firms in America, for instance, or over here, are now doing these rather complicated systems of job evaluation; but we do happen to know that quite a number of them, after trying them, have dropped them or simplified them, and I think it is because they find they are too elaborate. As regards the type of work they apply to, my own opinion is that the further you get away from the jobs that are mainly of manual dexterity and get into those where mental qualifications are needed, the less appropriate are these very detailed systems of breaking up jobs into bits.

3691. *Chairman*: Would Professor Matthew comment on the application to a graded system?—*Professor Matthew*: I agree with Mr. Bristowe that the fact that you have a salary structure with various gradings should not interfere with the use of job classification or evaluation, which has another framework of reference altogether. You are setting up quite an independent framework of reference which is related to the duties, responsibilities and so on of each job, irrespective of its position in an existing salary structure. So I do not see any difficulty in applying it.

If I may pick up a point Mr. Bristowe made, I do not appear as an exponent of the multi-factor scheme. In Mr. Bristowe's organisation I think essentially they use four

factors. I mentioned the case of the Lucas Company, who have followed on the lines Mr. Bristowe was describing. They started with an elaborate scheme and they simplified it because of their experience of it. In other words, it gave them the base. Having got a structure erected on that base, it was then possible to simplify the approach. I think the parallel exists if we look at the L.C.I. pattern; they have for their daily paid jobs a scheme with four factors, but when they come to the higher types of administrative job they simplify that still further to the system which has been described.—*Mr. Bristowe*: Could I add one thing to that? We are always in difficulty, especially in the higher levels, and we were in a bit of a quandary as recently as the beginning of this year as to whether we were paying our most senior people enough or whether we had fallen behind other employers. We did want to compare our highest paid man with what was happening in other companies; it is very difficult to make those sort of lateral comparisons. But one quite helpful way of starting off, we find, is first of all to have some sort of statistical pyramid which at least shows what the highest paid people in each company are paid, and at least shows that out of x number of employees you have got y who are paid at the next layer, and you get some comparison of the standard even though you have not compared the jobs. One company may rank their financial man more highly than you do, or you may rank your research man more highly than they do; but at least you can see what levels they are at, and that is the starting point. You still have to settle your own standards.

I have found that correspondence is hopeless on this sort of subject. It needs very detailed discussions to make sure you are comparing like with like. It is very dangerous unless it is done through quite detailed comparison of the responsibilities and of the other factors, which must be done in discussion.

3692. *Mr. Willis Jackson*: You mentioned that you had helped the Treasury in relation to the problem of comparison inside the Civil Service with outside. Is it possible, for such help, to carry out the same detailed relative assessment that you would do internally?—I think it is very often done. There was one particular enquiry for engineers, for instance, a few years ago. I think our figures helped; but we had to make quite sure we were comparing like with like, which is very difficult, but which was done in long discussion.

3693. *Mr. Menzies*: You have heard of the civil service executive officer grade, which has a very long scale, £360 to £800 and above, covering a very wide range of

responsibility all the way through. Do you really think that job evaluation could be applied to a grade with such wide variations in functions, and that you can compare it with outside industry?—It is very difficult to visualise that range; but I do not see any insuperable obstacle to introducing an agreed system of job evaluation.

3694. I am not referring to internal comparisons now, but to external comparisons.—You will not make an internal-external comparison, I suggest, unless you can set up a mechanism which is able to look in detail at the jobs that are being compared, both inside and outside.

3695. *Chairman*: You have to take several typical jobs and work on the maximum of the scale?—And visit departments and plants concerned to make sure that in fact these jobs are comparable. If a few of them could be established as very definitely comparable, and then within the Civil Service the order of importance of the other jobs, some less important, some more important, could be established, would that not help?

3696. *Mr. Willis Jackson*: Are you really saying it requires a detailed method of approach, or can this be done on a more generalised way of approach?—I think it can be done on a more generalised way of approach, provided one is quite clear as to the answers to the questions one would be asked. We might have to see the job in some particular cases.—*Professor Matthew*: May I make a point on this detailed approach? I think it might help to clarify the position. The concept that most people have in using a detailed scheme is that you build everything into the scheme; you leave nothing to the imagination. In other words, you can say: "Here is the scheme" to a committee, "Familiarise yourself, learn all about it and apply it"; and you can be pretty certain that they will come out with the right answer in relation to the answer expected by the people who set the scheme. You build the accuracy into the scheme by defining each detailed step to begin with. The difference between that type of scheme and this other type of scheme, where you use only a few factors and you do not in fact award points against all the details, is simply this; you still have to look at all these details and make comparisons on a detailed basis, but you do not evaluate on a detailed basis. The same degree of understanding of the job content has to be reached whichever system you use, but with the one system you attempt to award points or to rate each of the items in the job description, and with the other you do not.

3697. Supposing in your detailed system you reach an answer which involves an unacceptable discrepancy between groups

of people. Do you then revert to the more generalised approach or do you alter the content?—You are really coming back to the question of how you formulate the scheme in the first instance. That raises the question of the objectives that you have in mind; do you merely wish to remove a few anomalies, or are you concerned with the entire character of the wages structure?

3698. *Chairman*: If you were trying to apply this process to a grade like the executive grade, which had a very wide range of duties, would the idea be to take several different jobs which were agreed as typical jobs, and evaluate these against several similar jobs outside, and decide what was the maximum for them which could be worked up to by any number of steps that were decided on?—If I may attempt to answer this first, I would suggest that it might best be put on an experimental basis without commitments. After all, the ultimate result must be an agreed one. I should feel that the proposal you have made would meet the case very well. You would need to have an agreed framework of reference; some body on which the staff representatives would also be able to advise and say whether they preferred the simplified scheme or the more detailed scheme. They might prefer the more detailed scheme because it writes everything in rather than leaving it to judgment on a few factors. That would be a matter for agreement; I do not suggest that it should be done any other way. Having done that, then there is the idea of taking a number of key jobs and making this comparison, using a panel on which representatives again could be present. That would, I feel, be a very fair trial for any further steps taken.

3699. *Sir Alexander Gray*: I am not sure why in a sense you call this "job evaluation". It seems to me that all the essential things, the starting point, the top point, and all the rest, you get by common sense of fair minded men and the job evaluation bit only extends to the grading in between?—*Mr. Bristowe*: But eventually you have to put a figure on.

3700. It is possibly different in a case where you proceed by points; but in your case it seems to me it all comes from outside without job evaluation; it is arranging jobs in a serial order, and on that you merely rely on your commonsense and the general guidance of fair minded men to get the right answer.—It is fixed at the bottom and fixed at the top, and you very often will find a key job somewhere in the middle that you can also compare.

3701. In the other case where you have got points, I think possibly there is a stronger case for saying it is job evaluation;

but in that case I do not see how you assess the importance and weight of the jobs.—*Professor Matthew*: I should make it clear that whatever system of job evaluation is used, whether a points system or an appraisal system, the same necessity exists to make a comparison outside, and to establish these key points. The same necessity must exist before you can lay down the basic character and relationship of the wage and salary structure to whatever scale you are using. This idea which Mr. Bristowe mentioned—making this initial comparison between the internal and the external job of the same type—is, I should say, of universal application in all types of schemes.

3702. I am not criticising, but it seems to me that to a newcomer you appear to claim more than you do, if I may say so.—It is a question of definition, whether we include the whole thing under the general term "job evaluation" or whether we say job evaluation is purely the question of segregating jobs and putting them in their position on a pre-determined scale; but I would apply the term in its widest sense.—*Mr. Bristowe*: I do not know whether there is an implied criticism in our using the words "job evaluation", but I should like to explain that we never do use the term "job evaluation".

3703. *Mr. Hall*: One of the most difficult things one has to handle is when over a period, say ten years, a category of job, owing to technological change, undergoes a change of character. Will this system at least bring to notice that kind of change?—It does in our case. All our heads of departments have a responsibility and an interest in what their own staff are paid, and if they think one lot are getting out of line with another they will very quickly bring it to our attention and ask for a panel to examine it; and that sort of thing is detected very quickly. We also initiate enquiries centrally.

3704. *Chairman*: Have you anything to say on that point, Professor Matthew?—*Professor Matthew*: The point that emerges, and it is a very useful one to make here, is that this job evaluation procedure is not a once-and-for-all matter; it has to be maintained, and continually maintained. While a large number of people would be required to bring the scheme into existence, the maintaining force would be somewhat smaller, but this would go on indefinitely, with new jobs coming up and other jobs changing their characteristics. Every time a change takes place a revaluation would be necessary.

3705. *Mr. Hall*: Is it right to say that if a well designed scheme could be instituted, it would help to call attention to these changes as they were proceeding.

and to the points where special attention was needed? I am trying to see whether some individual intervention is necessary to diagnose these changes, or whether a system could be devised which would at least put a red light on the matter, so to speak, and show up that there is something here which needs investigation?—I think any system of job evaluation is purely an aid to management, and that they would notice directly any particular change.

3706. *Chairman*: The fact that there was a special staff in existence for this purpose would probably lead to throwing a light on it?—Yes.

3707. *Mr. Menzies*: Professor Matthew, is it fair to say that this technique of job evaluation is still only in the experimental stage?—[No, Sir; I do not think it would be fair to say that. I think it has had a very good trial and has come into accepted use. We made a survey a few years ago, in conjunction with the British Institute of Management, and we found a number of companies had discontinued job evaluation but a great many more had taken it up and were using it successfully. I think on balance that job evaluation is growing in use.

3708. Would you say it is widely acceptable in the engineering industry?—That is a question I could not answer. I would not say widely accepted. I know a number of firms who are using it in the engineering industry.

3709. It has been a matter of public comment in connection with the demand for a simplified wages structure in the engineering industry, that it is not acceptable to the unions.—Yes.

3710. Is it fair to deduce from the evidence we have had that it has been mainly applied for the establishment of internal relativities in particular firms?—Internal relativities in individual firms, yes—that is the primary use. The next most popular use is internal relativities in groups of companies where there are, perhaps, a number of factories in the same country.

3711. It has been less applied for the purpose of making comparisons between different industries or different occupations?—I do not think that is entirely true, because many of the groups I know, including, I think, Mr. Bristowe's, might be described as multi-industry groups.

3712. May I now put the point to you differently? You are aware of the productivity report on industrial engineering. This very influential report, in paragraph 235, makes this observation, based upon its study of American experience:

"We consider that the principle of placing jobs in order the better to relate them to each other is sound, but we

believe that any system of job evaluation must be developed first within an industrial company and in response to a particular situation."

That puts my point in a nutshell. The point I am making is that the examples we have relate to what we call here internal relativities, and not to the purpose of making comparisons that we want to make between civil servants and people outside in analogous occupations.—In other words, you are really posing the question, was job evaluation not originally designed for the civil company, and are we now seeking to stretch it to beyond its terms of reference?

3713. Yes.—The Chairman suggested that it might be appropriate to take a selection of jobs, of key jobs, and make such a comparison. I rather agree with putting it on an experimental basis.

3714. *Mrs. Wootton*: Might I go further on that? If your system can help us with fair comparisons outside, we have got to choose what to compare with—that is the first stage, is it not?—Yes.

3715. Would you agree that very important judgment creeps in, perhaps, in the choice of jobs outside with which you compare. Very often you cannot find persons doing exactly the same thing outside, but you have got to find a broadly comparable job. (How do you make your original selection of comparable jobs?—I think the answer to that probably lies in just this requirement of job evaluation, that the evaluation is based on a complete understanding of the job requirements. When you draw up the job requirements for a number of jobs which you think are comparable, it becomes very obvious whether they are comparable or not.

3716. That is to say, skill, responsibility, the various factors that you mentioned?—Yes.

3717. Ought you then, in a really scientific way, to try and get as near as you can to the job evaluated in terms of points? Is that the ideal we ought to be aiming at?—I am not sure if it will give you the answer you want. I would suggest the idea of taking well recognised jobs. The term "key" job means a well recognised job, one that is in fact commonly recognised. There are a number of such jobs, where even the job title gives you an indication of what it is; but when you then go on to make a detailed study of the job content and the duties, responsibilities and so on, it becomes apparent that this is what is commonly known to be some particular category of clerk or supervisory post, or whatever it is.

3718. I get your idea of key jobs, but I am not quite clear how it is established

that these are, as you say, well recognised. I want to put to you that in point of fact they are very often recognised as comparable because they are, in point of fact, paid somewhere about the same level.—I think you must have a selection of so-called key jobs; if you took only one job inside the Civil Service and one job outside, your comparison might be badly misleading; I think you want to have a reasonable sample in each case.

3719. What I am really putting to you is this; if you are going the whole way with your principle you may have got hold of something which is extremely revolutionary. If you applied your evaluation in terms of points really at random throughout the whole of your wages and salary structure, you would very likely get a stream of revolutionary answers. Let me take one or two extreme cases. In any system of evaluation, you may find that certain groups of people—I might take the clergy and I might take social workers who are now amongst the lowly paid professions—will come up a very long way; and therefore I am suggesting that since perhaps you are not wishing to apply these very revolutionary results, you do in fact limit your horizon pretty closely, and only look at jobs which are in fact paid at the moment about the same level. Is that right?—I do not wish to imply that we would look at jobs which were paid at the same level, but jobs which were recognised as having the same content; in other words that carried the same sort of duties and responsibilities, irrespective of how wages levels or salary levels compared.

3720. If they actually do the same things, then it is quite clear, but unless they are doing literally physically the same things you are making the comparison of duties and responsibilities, and as soon as you come to responsibilities you make it, I think, very difficult to evaluate. Perhaps I might leave it at that. You see the implication?—I would like to take the point up. When the use of job description and classification does show up differences, it is up to the administration to decide what to do about it after that. At any rate, they have a guide for future action. But it is not for job evaluation to decide the answers.

3721. *Sir Alexander Gray*: Again it depends on what your assignment is as to the weights. Take the case (Mrs. Wootton mentioned, the clergy and possibly the schoolmasters, which is rather an interesting point over the last generation. You might have someone who would mark down the clergy or would mark down the schoolmasters.—The question of weighting only arises, I think, with the multi-factor points scheme, it does not arise in all the schemes. But even in the multi-

factor points scheme it is possible to check whether your relative weighting of the different factors is realistic or not.

3722. When you say realistic you mean it agrees with what in fact is taking place?—Yes, with what in fact is taking place, broadly.—*Mr. Bristowe*: On the schoolmaster question, it is generally thought today that schoolmasters are not very well paid. If we were asked "What do you think about schoolmasters?" we could find jobs in the I.C.I. which we would think were very comparable with schoolmasters, and we would say that by our standards the schoolmasters were grossly underpaid. Our standards may be wrong; but by our standards the question would be quite clear. Each employer has to decide on his standards.

3723. *Mr. Burman*: I have one factual question to ask Mr. Bristowe. When your panels are assessing horizontal relativities and discussing jobs and so on, do you use headings and points at all?—No, only in conversation; no points at all.

3724. *Chairman*: Have either of you any other points you would like to make? I think we have asked all the questions we had to ask you.—*Professor Matthew*: I do not think I have anything to add.

3725. It would be helpful if without too much trouble you could let us have a note about how far the systems are in use and how far up the scale they go.—It is difficult for me to give you a total picture. I could only cite instances. If that would be helpful I would be very glad to do it.

3726. It would be most helpful. It has been said that this is entirely experimental and very little used. One would like to have an idea of how much it has been used.—May I make a point on that? It is used, I should think, broadly in proportion to the number of workers in each classification; and actually, as you get higher up the scale, there are fewer people, and especially right at the top in the individual company; you do not apply it at the top.

3727. I was thinking more of the range of industry over which it is used, both here and elsewhere.—Yes, I can give you instances of the scheme being applied, in addition to the one I am working on currently, which is just going in.

3728. *Mrs. Wootton*: May I put a factual question. Are the workers unionised?—*Mr. Bristowe*: On the works pay roll of course they are mostly unionised. On what we call the staff we have got no agreements with any union, though we know there are some members of unions.

3729. *Mr. Willis Jackson*: Is Professor Matthew in a position to give us a detailed marking scheme for some particular case,

with special reference to the higher gradings? I would very much like to know how the points system functions in relation to the more intangible things?—*Professor Matthew*: I should be very happy to give you the sub-factors of the four factor scheme, and to indicate the number of degrees into which each factor is customarily divided; but I would like to suggest that the awarding of points against each factor or sub-factor is really a matter for any panel which is set up in order to agree a scheme.—*Mr. Bristowe*: Could I add something to that? I think Professor Matthew would agree with me that under that sort of scheme the number of points awarded for different factors ought really to vary with each job. If you are looking for a salesman you want certain qualities and you do not want some others.

(The witnesses withdrew)

(Adjourned until Thursday, 16th December, 1954, at 11 a.m.)

3730. *Chairman*: That is a question of weighting?—Yes, the number of points you award to each.—*Professor Matthew*: Yes; and again within each of the main headings, there is a range that can be applied. I can give a typical scheme, but I would not like it to be thought that this was a recommendation in any sense. That would not, I think, be sound, because it has to be agreed. It should be agreed from the outset, I think that is essential.

3731. *Mr. Willis Jackson*: I had it in mind that you could give us a particular case on which agreement had been reached.—Yes.

Chairman: May I finish by saying thank you very much, Professor Matthew and Mr. Bristowe.

ANNEX I

(See question 3660)

SALARY SCHEME EMPLOYED IN IMPERIAL CHEMICAL INDUSTRIES

Recognition of certain imperfections in the I.C.I. salary scheme led to a detailed investigation in 1945-46 and the introduction of a fresh scheme at the beginning of 1947, which has suited the Company's requirements and also met with the satisfaction of the staff.

Job evaluation is only one part of the scheme, and for this reason I think it necessary to outline the main features of our salary scheme:

1. JOB MAXIMA

Each job has been allotted a maximum salary which is based on the assumption that the job is done satisfactorily. The method employed in assessing job maxima is described below.

2. RATE OF PROGRESS TO A MAXIMUM

Experience, useful knowledge, and skill take time to acquire. The objective is to bring staff to their appropriate job maxima when they are doing the job as well as they are ever likely to do it. The guide period for reaching the maximum is five years, but individuals may reach it more quickly or more slowly according to circumstances, their past experience of similar work, and their skill.

Note: The Company have age scales up to age 26 for certain grades of staff, in no case is the age for reaching a job maximum less than 33 in the case of men and 26 in the case of women.

3. PERSONAL MAXIMUM

We know and we want to recognise in salary the difference that the individual can make in the value of the job he or she is doing. It is thought right that many of the staff should merely proceed to the job maximum, but there are other cases (perhaps about 20 per cent.) in which a personal maximum above or below the job maximum is more appropriate. The personal maximum may be 10 per cent. above or below the job maximum.

4. PROMOTION

Once the appropriate maximum salary has been reached further increases in salary stop unless or until promotion takes place to a job with a higher maximum. An endeavour to gain promotion represents one incentive; the chance of being given a personal maximum above the job maximum or of having a down personal maximum removed acts as a second incentive; a third incentive to good work after a maximum is reached is provided by a continued good service bonus.

5. CONTINUED GOOD SERVICE BONUS

Staff who have continued to work keenly and well for a few years without any increase in salary can receive a continued good service bonus. This can be of the order of 10 per cent. of salary, and the guide is that it might be paid in the fifth year, and again in the tenth year and the fifteenth. In no circumstances is this regarded as an automatic award. An employee might get this after three years on a salary maximum, or a smaller amount, or nothing at all.

ANNEX II

(See question 3662)

ASSESSMENT OF JOB MAXIMA

Job evaluation is the process of determining without regard to personalities the worth of one job in relation to that of another. When carrying out the original investigations in 1945-46 and since that time I have examined job evaluation schemes both in Britain and in the United States. Various methods have been tested, but some were thought to be too casual and others too elaborate. I believe that the elaborate schemes involving written job descriptions, job analyses, and the breakdown of jobs into factors, to each of which points are allotted in order to arrive at a total salary, are wasteful of time and of dubious value both in theory and in practice. If they are appropriate for manual jobs, involving dexterity, accuracy, etc., they appear to become progressively less appropriate as one passes further and further away to those jobs involving qualities of thought of increasing responsibility.

I.C.I. at present employs approximately 31,000 staff (in addition to over 70,000 operatives), and the method which has been used for assessing the job maxima of staff jobs can be outlined as follows:—

1. The appointment of a small panel (two of whom were employed permanently on salary assessments).

Note: Here we think it important to select members of the panel with care for their sound judgment, freedom from bias, flexibility, and fairness of outlook.

2. Departments were examined in turn. Each department head had an organisation chart which served as the basis for discussion between him and the members of the panel. The first objective was to place all the jobs appearing on the organisation chart in order of importance. This was done in detailed discussion, taking care to avoid discussion of the merits of the individuals. Notes were made for use when holding similar discussions with other department heads.

Note: These detailed discussions took the place of written job descriptions, job analyses, etc., and in many cases the jobs were inspected.

3. Up to this point salary maxima were not discussed. The next task was to fix an appropriate maximum salary for the humblest job and the top job in each department. Discussions took place with a number of other employers in order to compare standards. Decisions in regard to the lateral relativities of all the top jobs were made after detailed and prolonged discussion between the senior member of the panel and the directors of L.C.I.

4. With the top and the bottom jobs fixed in each department the panel were able to work downwards and upwards arranging the remaining jobs provisionally on the rungs of a ladder in which each rung represented a maximum salary. The rungs of the bottom could be £50 or even £25 apart, but in the higher ranges they could be £200 or £250 apart.

Note: If so desired a ladder could be devised in which each rung was some standard percentage above the rung beneath it.

5. No department would have jobs on every rung of the ladder, and the provisional pattern reached as a result of the panel's deliberations on one department was put alongside the provisional rankings in other departments for comparison and amendment. Key jobs were found in different departments which the panel regarded with confidence as being of equal importance.

After the panel had assessed all the jobs a series of conferences took place with senior specialists in particular fields, e.g. accountants, scientists, etc., who were in a position to express views as to the relative importance of jobs in their particular spheres in different parts of the organisation.

Note: No formula was found to be appropriate for assessing the extent of the gaps between one job and the next below. In the result, however, it was usually found that two or three assistant heads of department emerged with a job maximum two thirds to three quarters of that of the head of the department.

Painting with a broad brush and claiming no scientific accuracy, it is believed that with judgment and practice fairness has been achieved and could be achieved in any other organisation by this method. I must emphasise that the task is never complete: job assessment is a continuous process. Initial mistakes have to be corrected and notice taken of the changing importance of particular jobs. Enquiry panels are constantly carrying out reviews.

Job evaluation can never in my opinion become an exact science, and different employers cannot be expected to agree in the standards they wish to adopt. In a large organisation the standards of intermediate jobs are set largely by what is paid to those in the most senior and most junior jobs. Certain standards, and especially those of the top jobs, have to be decided before any job evaluation scheme is operated.

Finally, we do not wait for complaints or representations. We study salaries continuously and ourselves take the initiative in introducing adjustments.

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ROYAL COMMISSION ON THE CIVIL SERVICE

MINUTES OF EVIDENCE

TAKEN BEFORE THE

26

ROYAL COMMISSION
ON THE CIVIL SERVICE

TWENTY-SIXTH DAY

Thursday, 16th December, 1954

Ministry of Labour and National Service
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(Morning Session)

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Permanent Secretary

MR. G. J. NASH, C.B.,

Director of Organisation and Establishments

MR. R. F. FOWLER, C.B.E.,

Director of Statistics

on behalf of the Ministry of Labour and National Service

(Afternoon Session)

SIR DAVID, MILNE, K.C.B.,

Permanent Under Secretary of State, Scottish Office

MINUTES OF EVIDENCE

TAKEN BEFORE THE

Royal Commission on the Civil Service

TWENTY-SIXTH DAY

Thursday, 16th December, 1954

Present:

SIR RAYMOND PRIESTLEY, M.C. (*Chairman*)

THE COUNTESS OF ALBEMARLE

MR. S. F. BURMAN, C.B.E.

MR. W. CASH, F.C.A.

SIR ALEXANDER GRAY, C.B.E.

*MR. N. F. HALL

MR. WILLIS JACKSON, D.Sc., M.I.E.E.,
F.R.S.

MR. H. LLOYD WILLIAMS, D.S.O., M.C.

MR. F. A. A. MENZLER, C.B.E.

SIR GEORGE MOWBRAY, BART.

MRS. BARBARA WOOTTON

MR. A. D. PUCK (*Secretary*)

MISS F. M. LOUGHNANE (*Assistant Secretary*)

* In attendance for the afternoon session only.

Memorandum of evidence submitted by the Ministry of Labour and National Service on the main functions and organisation of the Department

I. The main functions, for which the Ministry is responsible, are as follows:—

(1) *Industrial relations.* (a) Administration of the Conciliation Act, 1896, the Industrial Courts Act, 1919 and the Industrial Disputes Order, 1951, to assist in the prevention and settling of industrial disputes, and in setting up joint negotiating machinery. (b) Advice to industry in developing joint consultation and improved methods of personnel management. (c) Administration of the Wages Councils Acts, 1945–1948 and the Catering Wages Act, 1943. (d) Collection and publication of information and statistics relating to manpower, employment, wages, hours of work, retail prices, etc.

(2) *Employment services.* The administration of the Employment and Training Act, 1948 which, *inter alia*, provides for the national system of employment exchanges, appointment offices and the Technical and Scientific Register. General placing policy (Notification of Vacancies Order, 1952).

(3) *Employment policy.* (a) Advice to other Departments on the employment aspects of Government economic policy and distribution of industry. (b) Advice on all manpower questions.

(4) *Training.* (a) Government vocational training schemes for able-bodied and disabled persons. (b) Industrial rehabilitation for disabled and unemployed persons. (c) Training within industry for supervisors.

(5) *Disabled persons.* Administration of the Disabled Persons (Employment) Act 1944.

(6) *Youth employment service.* Administration, through the Central Youth Employment Executive, of the youth employment service whether provided by the Ministry or by local education authorities.

(7) *Labour policy in the international field.* (a) Relations with International Labour Organisation and consideration of labour and social questions arising in other international organisations. (b) Recruitment of British workers for overseas employment and administration of Government assisted schemes for settlement overseas. (c) Administration of Article 4 (1) (b) of the Aliens Order, 1953, under which permits are granted for employment in this country of foreigners resident abroad. (d) The Labour Attaché Service.

(8) *Safety, health and welfare of workers in factories.* Administration of the Factories Acts, 1937 and 1948. The factory inspectorate.

(9) *National Service.* Administration of the National Service Acts, 1948-50, including questions of deferment, and the Reinstatement in Civil Employment Acts, 1944 and 1950.

In addition the Ministry renders certain services to other Departments on an agency basis; e.g., the taking of claims for unemployment benefit, computation and payment of such benefit, for the Ministry of Pensions and National Insurance.

II. ORGANISATION

(1) *Headquarters.* The headquarters of the Ministry contains seven departments (each in the charge of an under secretary), each of which is responsible for one of the main functions mentioned above, except that functions (4), (5) and (6) are the concern of one department. These departments form two main groups, with a deputy secretary controlling each. In addition there are the usual domestic departments, viz., establishments, finance and solicitor's, the officers in charge of which report directly to the permanent secretary.

(2) *Regional.* It is the Ministry's policy to decentralise as much of the executive work as possible. For this purpose the country is divided into nine English regions and Scotland and Wales in each of which a controller is responsible for the execution of the Ministry's policy through employment exchanges, sub-offices, branch employment offices and local agencies, appointments offices, Government Training Centres and Industrial Rehabilitation Units. There is also a regional finance officer in each region and in Scotland and Wales. These officers are responsible direct to finance department at headquarters.

In England there are also eleven factory inspectorate divisions, which differ geographically from the regional organisation; and there are also divisions for Scotland and Wales. A superintending inspector of factories is in charge of the organisation in each division and is responsible direct to H.M. Chief Inspector of Factories at headquarters.

The general organisation of the Ministry, as described above, is illustrated in the chart.

NUMBER OF STAFF (NON-INDUSTRIAL) AT 1ST NOVEMBER, 1954									
Administrative	...	...	...	...	...	...	...	...	109
Departmental	...	...	...	...	...	...	...	...	21,907
Professional	...	...	...	...	...	...	...	...	17
Technical officers and other specialists	...	...	...	...	...	...	...	...	788
FACTORY DEPARTMENT									
Inspectorate—(a) medical and technical branches	...	...	...	...	...	...	...	...	44
(b) general inspectorate	...	...	...	...	...	...	...	...	316
Clerical and miscellaneous	...	...	...	...	...	...	...	...	423
Total...	...	...	...	...	...	...	...	...	23,604

Of this total 3,844 are temporary civil servants, 439 of whom have completed ten years continuous full time service.

Memorandum of evidence submitted by the Ministry of Labour and National Service on wages, salaries and earnings outside the Civil Service

This paper deals with points on which, it is understood, the Royal Commission wish to question Sir Godfrey Ince.

(a) ANY GENERAL TRENDS OR TENDENCIES THAT MAY HAVE EMERGED IN NON-CIVIL SERVICE WAGE AND SALARY SETTLEMENTS OVER THE LAST FEW YEARS.

During the period since the war the general trend in working conditions outside the Civil Service shows changes in the position of weekly wage earners in the following respects:—

(i) *Working hours:*

At the end of the war the most common "normal working week" in manufacturing industries was 47 or 48 hours, worked in 5½ days after which enhanced overtime rates became payable. During the early post-war years almost all these industries reduced their "normal working week" and the most general working week now is 44 or 45 hours worked in 5 days.

Average weekly hours actually worked at the date of our latest enquiry (April, 1954) show that they remain at approximately the same level (46.1 hours per week) as they were in October, 1938 (46.3 hours per week)—see table, page 302, Ministry of Labour Gazette for September, 1954. The higher earnings from overtime are of course reflected in the figures for average earnings (see para. iv).

(ii) *Holidays with pay:*

The recommendation of the Amulree Committee (1938) for the general adoption of a week's annual holiday with pay was gradually adopted and by 1948 Wages Council Orders or voluntary agreements providing for a week's paid holiday plus public holidays were in force for practically all wage earners.

Since then the period has been increased to two weeks in the vast majority of cases. It is estimated that at the present time, about 90 per cent. of the total number of wage earners (including shop assistants) in the industries and services covered by collective agreements or statutory orders, are entitled to annual paid holidays of two weeks, in addition to the usual public holidays or days in lieu.

(Details of the various industrial holiday with pay schemes for wage earners in a large number of industries and services are given in Appendix III of Time Rates of Wages and Hours of Labour, 1st April, 1954, published by H.M.S.O.).

(iii) *Wage rates:*

Since the war there has been a steady rise in the level of wage rates. The index of weekly rates of wages shows a general increase (in October, 1954) over June, 1947 of 43 per cent. The increase for men has been 42 per cent., compared with increases of 48 per cent. and 55 per cent. for women and juveniles respectively—see table, page 397, November, 1954, Gazette. The influence of full employment has been a significant factor in the steady rise in wage rates.

(iv) *Average of earnings*

Average earnings have risen more rapidly than wage rates and the latest figures covering manufacturing and some of the principal non-manufacturing industries (Earnings Enquiry, April, 1954: Gazette, September, 1954) show an increase of 61 per cent. over April, 1947, compared with 42 per cent. for rates of wages in the same industries. The percentage increases were 60 per cent. for men, 56 per cent. for women and 72 per cent. for juveniles.

The earnings figures include payment for overtime, piecework and other types of payment by results, and wages in excess of the negotiated or statutory wage rates (which form the basis of the wages rates index) which employers were willing to pay to recruit and retain suitable workers.

(v) *Purchasing power*

The general upward movement of prices since the end of the war has, of course, been an important factor in stimulating claims for higher wages and although wage rates since 1947 have lagged slightly behind prices (as measured

by the wage rates and the retail price indices) they caught them up in May, 1954. The latest (October) figures show the prices index at 44 per cent. and the wages index at 43 per cent. above the corresponding levels for June, 1947. The rate of increase in average earnings has been consistently greater than the rate of increase in retail prices and the latest comparable figures show an increase of earnings of 61 per cent. in April, 1954 compared with general price increases of 42 per cent. at that date.

(vi) *Wage differentials*

During the present century there has been a general tendency to narrow the difference between the rewards for skilled and unskilled work. The information on wage rates shows the relative advances of women and juveniles in recent years. The table on p. 1102 illustrates the narrowing of differentials for certain trades which has taken place since 1914 and shows also a similar general tendency since 1945. The factors which in the long term have promoted this tendency include:

- (a) the development of mechanisation and mass production which has enhanced the demand for unskilled and semi-skilled workers;
- (b) the rise in bargaining power of general workers' unions and industrial unions in relation to the strength of purely craft unions;
- (c) the development of a public sentiment of social justice which has created sympathy for wage claims for "underpaid workers" coupled with the tendency during periods of "wage restraint" for concessions to be made only where the greatest need can be shown.

A fairly general tendency during the war and early post-war period was for uniform wage increases within an industry which gave equal increases to different classes of workers and thus enhanced the percentage which lower rates formerly held to higher rates. In the last year or two, however, there has been a tendency for wage claims to be made on some other basis than a uniform increase for all grades. This was illustrated by a claim for a percentage increase in the engineering and shipbuilding industries in 1953, which finally resulted in increases of 8s. 6d. for skilled workers, 7s. 6d. for semi-skilled, and 6s. 6d. for unskilled workers. A current claim recently formulated by the unions in these industries asks for 5s. per week more for skilled than for unskilled workers. The consideration of wages in coalmining, engineering and railway transport in 1954 has been directed towards the formulation of new wage structures, which may have the effect of widening wage differentials. It is to be noted that claims for flat rate increases tended to be made in a period of rising prices and proposals for new wage structures have been developed during a period of more stable prices.

Non-manual workers

A note about the steps now under consideration to provide information about salary rates and earnings is given later.

The lack of comprehensive information about wage and salary movements for clerical, executive, technical, administrative and professional groups of workers outside the Civil Service prevents any firm assessment of trends and tendencies that may have taken place in their working conditions. Nevertheless some information is available from the particulars of vacancies notified to the appointments department and from such sources as special enquiries undertaken by professional organisations. This information is fragmentary, and is often not in a precise form; salaries for notified vacancies often merely indicate a range within which the initial salary will be fixed. Information from these sources suggests an upward trend of the order of 20-25 per cent. between 1950 and 1954, with greater increases in particular occupations where qualified candidates are particularly scarce. It is emphasized again that these figures are merely indicative of a trend and do not provide a solid basis for firm conclusions.

What is known about movements of clerical salaries suggests that they reflect broadly the general movements in wage rates. In engineering the rates for clerks have moved consequent upon changes in the rates for wage earners and the increases have been about the same as those granted to skilled wage earners. Rates for clerks in the railway

service, the co-operative movement and the retail distributive trades (Wages Councils) change at the same time as for the wage earners concerned and the amounts of the increases are either identical or comparable.

Other benefits

The practice in outside industry regarding salaries paid to executive and administrative staff is frequently based on individual bargains and no comprehensive information is available. It is, however, generally believed that the emoluments of such workers are often supplemented by amenities which may have a substantial cash value, especially as they would not necessarily be subject to personal income tax. Such amenities might be the use of a car and a car "running allowance", free or subsidised meals, or travelling allowances, or other expense allowances. Interest free or reduced rate loans are also allowed for such purposes as house purchase and this practice is believed to be common in the banking and insurance industries. Some of these amenities, especially free meals and travel costs from home, are also used fairly freely by some employers as recruitment inducements for workers at a more junior level. Wage and salary payments may also be supplemented by cash bonuses and share allocations or profit sharing.

Provision in employments outside the public service for retirement pensions and gratuities and for paid sick leave is far more common than before the war. A recent estimate placed the numbers covered by private superannuation schemes at between 5,000,000 and 7,000,000, the present figures in industry and commerce being probably twice as great as in 1936. The income tax allowances on such schemes have encouraged their development.

There is no doubt that the use of a variety of devices to supplement the value of salaries is common practice stimulated by present levels of taxation, but precise information as to the extent and value of such amenities and emoluments is not available.

(b) WHETHER IT IS POSSIBLE TO DETECT ANY GENERAL PRINCIPLES OR POLICY EMERGING FROM SUCH SETTLEMENTS; AND, IF SO, WHETHER THESE HAVE ANY BEARING ON THE PRINCIPLES THAT SHOULD GOVERN CIVIL SERVICE PAY.

No. Wage and salary questions in industry are too complex and varied to be settled by the application of general principles. Satisfactory negotiating machinery in the Civil Service provides the means by which any relevant developments in outside industry are reflected in the Civil Service. This is achieved by a gradual and continuous process rather than by the application of general principles or formulae.

The process is, however, subject to limitations due to the comparative lack of information about salaries as compared with wages, more especially in the higher ranges and to the development of practices in industry which provide for reward by benefits and amenities which are not appropriate to the Civil Service.

(c) THE HOUSEHOLD EXPENDITURE ENQUIRY IN SO FAR AS IT AFFECTS PROVINCIAL DIFFERENTIATION.

After discussion with the Civil Service National Whitley Council (Staff Side), arrangements were made to code our household expenditure returns in such a way that it would be possible to produce separate tabulations for:—

1. A "London" group consisting of all the local authority areas in our sample falling within the County of London, all the 18 areas of over 100,000 population in the south eastern region and 16 smaller urban areas in the south eastern region.
2. An "intermediate" group consisting of 24 large towns or cities (other than London) plus 8 smaller urban areas on the outskirts of London.
3. A third group consisting of all other urban areas in the sample.
4. A group consisting of all rural areas.

It will be possible to produce analyses of expenditure according to various characteristics (income, size and constitution of household, etc.) within each of these groups, although the size of the whole sample is insufficient to permit of a breakdown of the figures into a large number of small groupings.

The item coding provides for a very detailed analysis of expenditure. In particular detailed information about housing costs and expenditure on travel to work or school will be available.

The results of this expenditure enquiry cannot provide *precise* answers to the question—how much more does it cost to maintain a given standard of living in one place rather than in another?—but the enquiry conducted in 1953 will undoubtedly provide a great deal of information which will be useful in any consideration of provincial differentiation. A substantial part of this information is expected to be available for publication by the middle of 1955.

(d) THE MINISTRY OF LABOUR WAGES, SALARIES AND EARNINGS INDICES; WHAT THEY SHOW AND THEIR RELEVANCE, IF ANY, TO CIVIL SERVICE PAY.

Index of weekly wage rates

The index of rates of wages, compiled and published by the Ministry of Labour measures the movement, from month to month, in the level of full time weekly wages in all the principal industries and services in the United Kingdom compared with the level at 30th June, 1947, taken as 100. The index is based on a selection of the recognized rates of wages fixed by collective agreements between organisations of employers and workpeople, arbitration awards or statutory orders, for manual workers (including shop assistants but excluding clerical, technical and administrative workers).

In most industries rates for both skilled and unskilled workers are used and where there is much piecework the movements in piece rates are taken into account. The index is based on the rates specified in agreements or orders, information about the actual rates paid by different firms in the various industries not being available. For some industries the agreements specify the rates for many different classes of workers, but in some only the minimum rates for the lowest paid workers are specified.

The wage indices for the different occupations, sexes and industries are combined by weights proportionate to the total wages bills for these various categories of workers in 1946. Since these fixed weights are used in all the calculations, the final index does not reflect changes in aggregate earnings due to changes in the numbers of workers employed in different industries, in the relative proportions of workers in different age and sex groups, or engaged in different occupations and wage grades or paid at time or piece rates. It also does not reflect changes in the amount of overtime, short-time or absence from work or changes in the earnings of pieceworkers due to variations in output or the introduction of new machinery, etc. The index is not affected by changes in the length of the standard week unless these are accompanied by some changes in the agreed rate of pay for the week. The index at any particular time can be said to represent the percentage change in the weekly wages bill as it would stand if it covered a constant group of workers and was affected only by changes in wages rates and not by any other factor. The method is the same, in principle, as that adopted in the interim index of retail prices.

Statistics of salaries

Although fairly comprehensive statistics of wages have been published for many years, little information is available from which to compile statistics of salaries. In considering how this deficiency in official statistics could be remedied the Ministry of Labour with the assistance of a small committee of statisticians have examined the possibility of compiling two indices of salary changes in a number of industries and services taken together.

The two indices proposed are:—

- (i) an index showing movements in the rates of remuneration of the main classes of salary earners, i.e., changes in salary scales. This index will probably cover scales up to and including that of assistant secretary in the administrative class of the Civil Service, and corresponding scales in the other selected industries and services. (For higher posts salaries are usually fixed on a personal basis and in general scales do not exist). In addition, it is hoped to prepare a separate subsidiary index of rates of salaries covering only those in the lower ranks in the whole field who fall broadly into the so-called "clerical and analogous grades";

- (ii) an index of the movements in the average amounts actually earned (as opposed to rates) by the whole range of salaried workers in the selected industries and services. It is hoped to compile also a separate subsidiary index of the earnings of "clerical and analogous grades".

These indices would correspond with the Ministry's regular index of rates of wages and index of earnings of manual wage earners.

Arrangements have already been made for the required information to be obtained in respect of salaried staff in national government service, the nationalised industries, education, health services and local government services, and it is hoped to extend this list. It is not intended to publish figures for separate industries or services.

The work we are doing at present is purely exploratory and it will be some time before we can say whether it will be possible to produce reliable indices of changes in salaries. There is accordingly no possibility of publishing an index of salary changes in the immediate future, and it is unlikely that any reliable figures could be produced until 1956.

Statistics of average earnings of and hours worked by manual wage earners

Twice a year, in April and October, the Ministry of Labour undertakes an enquiry into the actual earnings of, and hours worked by, manual wage earners in the United Kingdom. The statistics are based on returns from employers showing for the last pay week in the month of April (or October) the number of wage earners who did any work during the week, their aggregate earnings (including overtime pay, bonuses, etc.) and the total number of hours they actually worked. The enquiry covers the manufacturing industries and some of the principal non-manufacturing industries, but excludes in particular (1) coalmining, (2) docks, (3) agriculture, (4) railways, London Transport and British Road Services, (5) distributive trades. Information on the first three of these industry groups and railways is, however, collected by other authorities and published regularly in the Ministry of Labour Gazette.

Shop assistants are excluded from these statistics. The total number of wage earners covered by the returns received in the Ministry's enquiry is about 6½ million and it is estimated that the returns received cover rather more than two thirds of the total number of wage earners employed in the industries concerned. Figures of average weekly earnings, average hours worked and average hourly earnings are given for men (21 and over), youths and boys, women (18 and over) and girls separately, and for all combined. Separate figures are published for each industry and averages are also published for 19 broad industry groups and for all the industries taken together. Because of disparities in the proportion of firms completing returns in the different industries, the averages for the 19 industry groups and for all industries combined are calculated by weighting the averages for each separate industry by the estimated total numbers employed in those industries at the date of the enquiry. Unlike the wage rates index, therefore, these statistics reflect changes from one date to another in the proportions of workers employed in different industries, and also changes in their distribution by sex and occupation.

Relevance of these indices to civil service pay

The movements of the existing indices of the rates of full time weekly wages of manual workers in the principal industries and services and of the average weekly earnings of manual wage earners in certain industries, neither of which covers clerical and administrative workers, have no relevance to the pay of non-industrial civil servants apart from any other consideration, because of the very different coverage.

The question how far the indices of the salaries of salaried workers up to a certain level and, within this field, of the salaries of those belonging broadly to the clerical and analogous grades, which it is hoped to compile, would be relevant to civil service pay would clearly depend, among other things, on how closely the field covered by the index in question was comparable to the civil service grade concerned. But even if the correspondence in this respect were close and there were no relative changes in the conditions of employment of the two groups other than remuneration and no other special factors, on the one side or the other, a comparison of trends would probably be reliable over a fairly short period only. Over any lengthy period, it would be

desirable to have a closer review in order, in particular, to take account of any changes in the nature of the duties and responsibilities of the two groups of salary earners in question.

The movement of any index of *earnings* of salaried workers would have still less relevance to civil service pay. Apart from the considerations mentioned in the preceding paragraph which apply to an index of earnings equally with an index of salary rates, earnings naturally depend largely on the extent of overtime work which may vary widely between different classes of salary earners at different times. Moreover, the average *earnings* of a group of workers depend on the structure of the group. The structure of the group of salaried workers covered by either of the indices of earnings would vary substantially from time to time and by no means necessarily to the same extent or even in the same general direction as that of the group of civil servants with which a comparison was being attempted.

APPENDIX

The table below shows the movements since 1947 in (a) the index of wage rates, (b) a specially computed index of wage rates limited to the industries covered by the half yearly earnings enquiries and (c) the average earnings and hours shown by the half yearly earnings enquiries:—

Date	Index of wage rates		Earnings enquiries		
	Full index	Index for industries covered by earnings enquiries	Average weekly earnings	Index of average weekly earnings	Average weekly hours worked
			s. d.		Hours
1947					
April	—	100	103 6	100	45·0
June	100	—	—	—	—
October	102	101	108 2	105	45·2
1948					
April	105	104	114	110	45·3
October	107	107	117 4	113	45·3
1949					
April	108	108	119 4	115	45·3
October	109	109	121 9	118	45·4
1950					
April	110	110	124 1	120	45·6
October	111	110	128	124	46·1
1951					
April	118	119	136 2	132	46·3
October	122	122	141 1	136	46·1
1952					
April	129	129	147 3	142	45·6
October	131	132	151 11	147	46·1
1953					
April	135	136	157 7	152	46·2
October	137	138	160 1	155	46·3
1954					
April	141	142	166 6	161	46·5

STATEMENT SHOWING RELATIVE LEVEL OF RATES OF WAGES FOR ADULT MALE WORKERS
IN CERTAIN OCCUPATIONS AT VARIOUS DATES

Industry and occupation	Level of rates of wages at						Level of wages expressed as percentage Rates at July, 1914 = 100						
	July, 1914	End of					Dec., 1920	Dec., 1930	Dec., 1940	Dec., 1945	Dec., 1953	April, 1954	
		Dec., 1920	Dec., 1930	Dec., 1940	Dec., 1945	Dec., 1953							April, 1954
	Per week s. d.	Per week s. d.	Per week s. d.	Per week s. d.	Per week s. d.	Per week s. d.							
ENGINEERING (Average of recognised district time rates in 16 principal centres in the U.K.): Fitters and turners Labourers ...	38 11 22 10	89 7 70 9	59 1 42 1	74 2½ 57 4	97 2 80 4	137 6 118 11	146 125 5	230 310	152 184	191 251	250 352	353 521	375 549
AGRICULTURE (Average of the minimum rates of wages of ordinary male workers in England & Wales—including the value of certain allowances in kind)	18	46 10½	31 7½	48 1½	70	120	120	260	176	267	389	667	667
LOCAL AUTHORITY (Non-trading services) (Average of rates of labourers in 28 large towns in Gt. Britain)	26 9	74 8	52 5	60 2	88 4	128	128 5	279	196	225	330	479	480

BUILDING	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour	Per hour
	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.
(Average of recognised rates in 39 large towns in U.K.):													
Bricklayers	9-9	27-5	19-0	21-67	26-00	42-64	43-64(a)	278	192	219	263	431	441
Labourers	6-6	23-9	14-2	16-73	21-03	37-12	38-12(a)	362	215	253	319	562	578
RAILWAY SERVICES (b)													
Engine drivers (according to year in grade)													
(c) ...	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week	Per week
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Passenger porters, Grade 2 (in industrial areas excluding London)	40 6	88 to 106	72 to 90	85 to 97	113 6 to 126 6	154 6 to 172 6	159 6 to 178 6	217 to 262	178 to 222	210 to 240	280 to 312	381 to 426	394 to 441
...	19 2	67	42	55	85	121 6	124 6	350	219	287	443	634	65

(a) These rates will be increased by 1½d. per hour as from 24th May, 1954.

(b) The rates shown for 1914 are the estimated approximate averages of the rates actually paid. For later dates they are the agreed standard rates.

(c) Extra payment is also made when performing over a certain mileage per day.

Examination of Witnesses

SIR GODFREY INCE, G.C.B., K.B.E., *Permanent Secretary*

MR. G. J. NASH, C.B., *Director of Organisation and Establishments*

MR. R. F. FOWLER, C.B.E., *Director of Statistics.*

on behalf of the Ministry of Labour and National Service.

Called and examined.

3732. *Chairman:* May I start by saying thank you to yourself and your colleagues for the trouble you have taken, not only in coming, but in producing these very useful memoranda we have had. We propose to start first of all with the paper on the functions and organisation of the Ministry of Labour and National Service. We wonder, Sir, whether you would care to add anything or speak about any special problem of the Ministry of Labour viewed for the moment as an ordinary civil service Department, for instance about general grading and work standards compared with pre-war, or the quality of administrative class entrants since the end of the war?—

Sir Godfrey Ince: May I take the first question to begin with? I think you will see from the functions that we set out here that we have additional jobs to do now compared with what we had before the war. We have the safety, health and welfare department, including the factory department, which came over to us from the Home Office in 1940. We have the whole question of the disabled, their rehabilitation and employment, as a result of the Disabled Persons Act. We operate the call-up for National Service. Those are additional important functions. On the other hand, of course, we do not now deal as a matter of policy with unemployment insurance, but we do act as agents for the Ministry of Pensions and National Insurance by taking all claims for benefit locally, rating and computing them, and paying insurance benefit. So that our functions are more widespread and the work is undoubtedly much more complex than it used to be before the war. I think, taken as a whole, our responsibilities are greater than they were. That means of course that our staff at headquarters has expanded, although our staff as a whole is less than pre-war, mainly due to the reduction in unemployment, which means that the numbers of staff in our local offices have been reduced. So far as the responsibilities of headquarters officers are concerned, taking our assistant secretary grade, which I think is an important one, their responsibilities are certainly as great as they were before the war. The standard of work which they have to do is undoubtedly as high as it was. If you come to principals, I would say that in general the responsibilities are as great as pre-war, but they vary. Some of the work is, I would think, possibly more responsible than before the war, but on the other hand we have some branches

which are rather more routine and where perhaps it is not quite as great. On the average it is probably just about the same as pre-war.

3733. Are you happy about the quality of entrants to the administrative class since the end of the war?—I think we have a good average quality. Where I would express a little doubt is that I do not think we get perhaps quite as many outstanding people as one would like. It is a little bit difficult to judge that because you often get assistant principals who you might think at first do not appear as if they are going right up, say, to deputy secretaries and permanent secretaries but are rather late developers. But I would be a little happier, at any rate, if I could see one or two more of the very highest class amongst our assistant principals. On the other hand we have direct entrants into our departmental grade 5 and their standard is very good.

3734. *Mr. Burman:* May I ask a supplementary on that? Sir Godfrey, your point about the outstanding men has been raised by practically every Department that has given us evidence. Would you say that that is a national phenomenon, or that there are still the outstanding men but that they are not coming into the Civil Service?—I would say it is partly, but not mainly, due to the reduction in the number of young men that are available. If you take the figures of young men aged 18—I have not got the figures of men aged 22—in 1939, 420,000 boys reached the age of 18 and last year only 320,000 boys reached that age, so your field of recruitment has shrunk. That is one reason, I think, but the other reason—and the main reason—is because the Civil Service is less attractive than it was. Industry, in particular, is more attractive. I do not think it is the Civil Service that has gone back: I think it is other employments that have gone forward and become more attractive than the Service.

3735. *Sir Alexander Gray:* Are you not asking for more and if so, have you not got to go further down the scale?—I think so, unless the general quality has been increased as a whole.

3736. I should like Sir Godfrey to tell us about the importance of the work and responsibility devolving on the provincial staff. How would you compare them with administrative?—It is a little difficult. We of course are very firm believers in

decentralisation and have a completely decentralised organisation. Regional controllers are assistant secretaries, not as a rule of administrative origin. I would take the view that their work is very responsible. They are responsible for carrying out the policy of the Minister in the region and for all the executive work that has to be done; they have thus to see that the whole of their local offices work efficiently. It is not work of quite the same character as the work at headquarters since it is not policy making as is the work of the assistant secretaries at headquarters, but they are, theoretically at any rate, interchangeable. If we promote a principal, for example, to be a regional controller with the rank of assistant secretary, he might very well come back to headquarters on general policy work.

3737. I was rather more interested in the people just below the regional controller. How would you compare the work of these people with the work of your executive officers at headquarters? Is it more responsible or more difficult?—We have the regional controller, the deputy controller and the assistant regional controller, who is what we call in our departmental class a grade 2 officer. The grade 2 officer is about the equivalent of a principal in headquarters. I think the work in the regions is rather different because the staff have more to do with the public, and because they have this oversight under the regional controller of the local offices; the responsibility is probably about the same.

3738. And difficulty? That really depends upon the branch in which the grade 2 officer is.

3739. Is it more difficult because they are dealing with human beings?—Yes.

3740. *Chairman*: Can I take it, Sir Godfrey, that the regional controller who has come by the departmental grade has probably reached the summit of his career and is not likely to go further in the Civil Service?—It would be unusual but it would not be ruled out.

3741. *Mr. Willis Jackson*: In drawing a distinction between the structure of your staff and what is normal within the Civil Service, could you say how this arises? Would it not be possible to administer your Department on the normal pattern?—We had the normal pattern until a few years ago. At the end of the war we changed over and had the one departmental class which absorbed all the executives and the clericals. One reason was to make it easier for us to have mobility so that we could have interchange between headquarters and the regions without so much difficulty. Pre-war we had a special departmental class in the employment exchanges with executives and clericals at headquarters; it was

always difficult if you wanted to put an executive officer into the provinces because he was then transferred to some other grade.

3742. *Chairman*: Has your objective been gained rather at the expense of the general mobility of the Service?—I would not say that, Sir. I think you will find there are many Ministry of Labour officers in other Departments. For example, today a number of permanent secretaries, deputy secretaries and other officers of other Government Departments have come from us.

3743. There is a pretty free avenue right up?—The traffic is mainly one way.

3744. *Mr. Willis Jackson*: Does this lead to internal relativity difficulties where you have departmental staff associated with other staff?—Not at all.

3745. *Lady Albemarle*: I am not quite clear if you are referring only to your administrative class people. What happens to special departmental class people? Do they go over to the executive or are they kept in the special departmental classes?—There is nothing like the call in peace time for people in the departmental class to go to other Government Departments, particularly since most Government Departments have been reducing staff and many of them have had redundancies, especially in these grades, but they do borrow our officers. We have not had any difficulties. So far as salaries are concerned there is only a comparatively small difference.

3746. It would be true to say there are far less outlets for people in the regions to transfer.—In peace time, I think so.

3747. *Chairman*: These people who go right up to the top, they are the people who go into the administrative class in the ordinary way and work at headquarters?

—Yes. But I should say that we have more administrative officers that have come through the departmental class than from assistant principals.

3748. You pick them out young?—Yes.

3749. *Mr. Menzies*: There is one point on recruitment. You did draw attention to the fact that only about 300,000 boys reached the age of 18 as compared with 400,000 before the war. Would not a more relevant figure be the number completing secondary education at the age of 18, which is much bigger than before the war? Is not your field much increased by the spread of secondary education?—I do not know the numbers. I think there are considerably more getting secondary education than pre-war.

3750. *Mr. Lloyd Williams*: Coming to the industrial relations department and civil service machinery for conciliation and

arbitration, the question of arbitration for the grades above the £1,500 mark is very much under discussion. Would you give us the benefit of your views on that point?—I think that, so far as arbitration is concerned, there is a general principle that should be applied. It is that where organisations on both sides conduct negotiations there should be no arbitrary bar to arbitration if negotiations break down. In other words, if you have proper negotiations between representative organisations on both sides, neither should be debarred from going to arbitration by some arbitrary rule. I am therefore against the imposition of a bar like the salary bar at £1,500 a year. But I would like to go further than that. There is the grade of assistant secretary and there are similar grades in other fields; if you apply the principle I have enunciated it means there is no reason whatever why if there is a breakdown in negotiations between the Treasury and the First Division Association on the pay of the assistant secretary, the claim should not go to arbitration. I personally see no reason why it should not. There are not, of course, negotiations on permanent secretaries' salaries or deputy secretaries' salaries, and I would deprecate any such thing. So far as under secretaries are concerned there are also no negotiations in the ordinary sense. There may be discussions, but not what we would regard in the industrial sense as negotiations. That would therefore lead one to the view that the Civil Service Arbitration Tribunal should be open to organisations representing assistant secretaries and equivalent grades. I would like to go on a little further because the question, I know, has been raised of how to deal with officers right at the top from permanent secretaries downwards. I think there should not be frequent changes in the salaries of the senior civil servants but that there should be some machinery for reviewing those salaries from time to time. This machinery might be an independent board of some kind which, of its own initiative, should at times look at the salaries of the most senior people and make recommendations to the Government—a sort of advisory board. That in my view should clearly include permanent secretaries, deputy secretaries, and under secretaries, and their equivalents, of course, on the specialist side. So far as assistant secretaries are concerned, my view would be that they could quite properly be dealt with either by the Civil Service Arbitration Tribunal or by this advisory body. If however they were dealt with by this advisory body I do not think that the association concerned could be denied access to the advisory body, nor prevented from initiating action by the body. So that I would draw a distinction in that respect between assistant

secretaries if they were dealt with by the advisory body and the rest of the higher grades.

There is just one further thing. I know that there is a certain apprehension that if organisations were to take the initiative in respect of claims which they wanted to put forward and if the claims were to be considered by an advisory body of this kind, they might do it somewhat too frequently. I think one possibility might be that organisations should have the right to go to this advisory body with a claim and that the body should be able to say whether they had made out a *prima facie* case. If they had, then they would be prepared to hear them. If they had not, then they could not pursue the claim. That would I think, prevent the undesirable possibility of claims being made too soon and too rapidly.

3751. *Chairman*: Another point was raised, whether or not the associations should be consulted when the members of the body were appointed.—May I put it this way? If we were going to do this in the Ministry of Labour in respect of industry we would not want to be tied down to consult the organisations formally, but I think we would in any case consult them informally. If you have formal consultation it is quite possible for a staff organisation to say that they will not have so and so, which might land you into considerable difficulty, so that my view is that the Staff Side should not have the right to formal consultation. May I just add one or two small points? There is one advantage in the assistant secretaries being put within the scope of the advisory body. It is a matter of convenience, I think, to deal with what are commonly called the Whitley grades, that is up to and including principal, in one way, and assistant secretaries and above in another way. Finally, I am not at all frightened about arbitration for higher grades, and I think that if you are going to have a difference in the method between the lower grades and the higher grades, the line should not be drawn by salary but by grade.

3752. *Mr. Cash*: You did refer to an advisory body and also said just a moment ago that you saw no objection to arbitration. I am not quite clear whether those two things are different. An advisory body can advise the Treasury or the Government to do certain things. Arbitration is a different story, is it not, in so far as its award may be binding?—I do not think there is quite that difference and I did not intend there should be. I was really preserving the constitutional position because even when the Civil Service Arbitration Tribunal makes an award, Parliament can in theory refuse to vote the money. If you have a body, an advisory body—4

merely call it that for want of another name—it would be a recommending body and I cannot imagine that the Government would not accept its recommendations.

3753. So this would not be arbitration?—It would not be arbitration or an arbitration body, but would have the same effect, I think.

3754. *Sir George Mowbray*: There is one other small point. I was not quite clear whether you envisaged under secretaries being able to have access to this new body?—On the whole I would say no. I would put under secretaries in with the deputy secretaries and permanent secretaries.

3755. As not having a right of access?—I think so, yes. I have no strong views.

3756. *Mr. Mengler*: This body you envisage is very similar to that suggested by *Sir Edward Bridges*?—Yes.

3757. *Lady Albemarle*: *Sir Godfrey*, is there not a difficulty, if you go by grade and not by salary, once you get outside the administrative class, in selecting the grades which are to be included?—That is a difficulty but I think it is the right principle and a much better one than the principle of a salary bar.

3758. *Mr. Lloyd Williams*: Your view as to this body is very much in line with that of the Treasury, that there should not be a right for the associations to be consulted. Who should appoint this body and have the power to appoint?—The Minister.

3759. The Staff Side think that such a body should be officered by the Treasury. Might it not be better that it should be officered by the Ministry of Labour under whose auspices most of this sort of work is done?—I think we would take that view.

3760. Some of the associations are saying that post-war negotiations have been hampered by the Government policy of wage restraint and were not really free?—There has, of course, been a general policy of wage restraint which must affect all wages negotiations not merely in the Civil Service. All the wages councils, for example, had a letter on this question. I would not have thought that on this issue there was really any difference between negotiations in industry and in the Civil Service. Staff associations may think that the representatives of the Treasury may be more conscious of the policy than industrial employers, but that is not necessarily so, I would say.

3761. The Union of Post Office Workers have complained that they find it difficult to understand why the Government should say that civil servants should be governed by different factors and why their pay should be determined on different principles from what operates outside.—That raises

the whole question of policy and of the way in which the salaries of civil servants should be determined. On that I am in complete agreement with the Treasury who have given evidence that civil servants should be paid approximately the same as the equivalent grades outside. That seems to me entirely the right principle and if you depart from it you get into very great difficulties. I am a very strong upholder of this principle that the way to determine civil service salaries is to pay the equivalent of what is being paid to comparable grades on comparable work outside the Civil Service.

3762. When you can get a proper comparison?—Yes.

3763. *Mr. Willis Jackson*: Have you any views, *Sir Godfrey*, on the ease with which satisfactory comparisons can be made?—It is not always easy to make satisfactory comparisons, but as you know a very great deal of information is obtained, great pains are taken to get the best comparison that is possible, and I think the comparisons that are made are not unsatisfactory.

3764. *Chairman*: I think we might pass now to the other memorandum on general principles which you so kindly let us have. In paragraphs (a) (i) and (ii), you give us certain information on hours and leave for industrial staffs. Do you think it likely that the standard industrial pattern may remain for some little time at 44-45 hours—five-day week—two weeks holiday?—That is an extremely difficult question to answer because patterns in industry are always changing. There is not so much pressure in industry for the reduced working week as there was some years ago, but there are certain claims being made for it. There are also claims being made for a third week's holiday with pay. I would not like to forecast what the result is going to be. I would not think that industry was going to be stable on the whole.

3765. *Mr. Lloyd Williams*: With improvements in machinery and the work becoming more and more monotonous, are there not bound to be claims to reduce hours of work?—Yes.

3766. *Mr. Willis Jackson*: I was going to ask, would this be the consideration which you thought might change the pattern, or were there some other factors you had in mind?—There are two things, I think: first of all, what has happened in the past and the whole trend in industry over recent years; and secondly, the development of the automatic factory, which is really going on rather fast and may have substantial repercussions in industry.

3767. *Mrs. Wootton*: I would like to take up the point you made about the growing gap between rates and earnings. I do not know whether you can tell us anything that may throw light on the future

history of that gap. One can see it could be due to a number of things. Would you say, for instance, that any part of it was due to the shorter week and therefore a larger proportion of overtime?—I would say yes, and the information which is in this document shows that the actual number of hours worked today is approximately the same as that in 1939.

3768. That is a factor likely to remain?—I think that is quite likely.

3769. The gap is not likely to narrow?—I would not think so. That of course does depend upon the maintenance of trade in the country.

3770. Then would it also be true that an increase in piecework rates and the relationship between piecework rates and time rates is a factor in this?—That is so. Another factor is the substantial expansion of work study in industry and the methods which have been introduced as a result of work study, which results in people earning more than before.

3771. *Mr. Cash*: It is also due, is it not, to the desire by the outside employer to express his gratitude in the form of the award of an incentive?—There are a lot of incentives in industry given for various reasons. The paramount reason is for the sake of increasing productivity for the benefit of the country.

3772. *Mrs. Wootton*: I have one other point on this, whether these various factors taken together really operate to keep down the time rates or rates generally, as distinct from earnings?—I doubt it. I know that argument is used in negotiation, but I am not at all sure that it is very effective because you have always got a substantial number of people on time rates.

3773. *Mr. Burman*: When you talk about wage rates, you mean negotiated time rates?—Rates reached by agreement, which are not necessarily the same as rates paid, involving merit pay and all the rest of it. In some cases they are just minimum rates. In other cases they are standard rates, but they are not the rates which are in many cases actually paid because they do not include merit rates.

3774. So, there are, in point of fact, the basic agreed rates where there are such negotiated rates, there are the rates actually paid and the earnings.—Yes.

3775. *Sir Alexander Gray*: There is one other point on these wage rates. I see that the increase for men is 42 per cent., for women 48 per cent. and for juveniles 55 per cent. Now has this—I do not know whether you would call it abnormal—else in the juvenile rates not had any repercussions on the wage structure?—I think the main reason for this higher increase for young persons is their scarcity.

3776. *Mr. Lloyd Williams*: Not the extra cost of living for the young person coming into working life?—I would not have thought that would have caused an increase greater than the increase for men.

3777. *Sir Alexander Gray*: Up to what age is a person a juvenile?—Up to 18.

3778. Children under 18 are being paid a relatively much larger salary. Was not this one of the points of the Cave Report? Did they report on it, or was it before your time?—It was not before my time!

3779. They viewed the rise at that time as juveniles' wages as rather ominous in case there were repercussions further up. —I do not know that it has had repercussions further up. There has been of course, as you know, a much greater percentage increase in the lower rates in industry than there has been in the higher rates.

3780. I would have thought if you paid a youngster of 16 almost a full grown wage he might not remain contented throughout life?—That is quite possible.

3781. *Mrs. Wootton*: I might ask if there is another factor in it, that full employment, so to speak, makes its strongest impact on the young person just going into industry, in the sense that the frictions are less for older people who are already in jobs with rates for these jobs. There are negotiations constantly going on, but they are inclined to stick to the jobs they have got, whereas the young person is playing off one employer against another without being committed to any. Is there anything in that point?—I cannot tell you statistically whether young persons change their jobs any more frequently than they used to but I would doubt it.

3782. It is not quite so much that they change their jobs but they have in fact got to make a choice whereas a person who is already in a job has not to make a choice. I thought possibly from that point of view full employment makes its strongest impact on the young person?—I think perhaps it does from that point of view.

3783. Could we pursue differentials for a little? Would you say there is anything in the changing pattern outside which suggests a significant difference from the pattern of differentials inside the Service. You say, I think, since the war differentials have narrowed.—Yes they have narrowed for two reasons. One is the desire to bring up the lowest rates and the other the method which has been adopted of giving flat rate increases, but there is undoubtedly a trend going on in industry at the present time in the opposite direction. That was shown in the last engineering settlement. It is also shown in the railway industry. The Railway Tribunal, for example, has restored to a great extent the differentials between

what are known as the conciliation grades in the railways and the locomotive drivers; and the claim before the engineering employers at this moment is a differential claim of 15s. for a skilled worker and 10s. for an unskilled worker.

3784. *Chairman*: Is that happening all the way up the structure?—It is happening to a great extent and I think that what the engineering industry are doing may very largely set the pattern of what other industries are likely to do. Quite apart from that the skilled people are feeling they are not getting a sufficient differential and it just is not worth having five years apprenticeship.

3785. *Mrs. Wootton*: Have you any actual evidence that people are reluctant to embark on apprenticeships?—Yes, we have had quite a lot of people in our employment exchanges who say—this is both men and women—that it is not worthwhile learning a job. They can get much more at a semi-skilled job much quicker. In the long run of course they will not, but looking at it for the next two or three years or so they think it is a better proposition.

3786. That is based on the impression of your employment exchange managers rather than on anything specific?—We have not any specific information on this.

3787. *Mr. Willis Jackson*: This applies to boys of 16?—And girls.

3788. Mainly to 16 year olds?—And 18 year olds.

3789. *Mrs. Wootton*: You said that in industry the gaps narrowed during the peak years of the war and they widened or have shown a tendency to widen again now. The point I did not get your view on quite clearly was whether the civil service pattern has corresponded to that or whether there has been any significant difference?—I do not think you could really compare what has happened in industry with what has happened in the salaried grades of the Civil Service, but we have had a great closing up of what I think has been referred to as the concertina. That has caused considerable difficulties. We have got scales in our departmental class where the maximum of one scale is higher than the minimum of the scale above it. We have had officers who have refused promotion. We have not got a record of all the cases but we have had quite a lot of officers who have refused promotion. It has meant they would lose money. I have a number of examples of the effect of this closing up of the scales together, of course, with provincial differentiation and the extra duty allowance in the case of some officers. It means, if they are promoted to the scale above, they would lose in some cases £75 a year, which is a substantial amount. We had difficulty in connection with filling the deputy

controller's post at Nottingham. Three of our headquarters officers refused promotion because it would mean a loss of pay. Only last week I was in one of our employment exchanges in Yorkshire and the exchange manager had accepted promotion because he felt he dare not refuse, but he told me it was going to take him two years to catch up where he started from when he was promoted. That is the result not solely of a closing of the concertina, but also of provincial differentiation and extra duty allowance.

3790. Actually if there was no provincial differentiation he could not lose money by promotion, could he? He might be at a standstill but he would not actually lose?—I think the answer to that is that he would not, but I would, of course, say that provincial differentiation is in principle justified. Whether the existing deductions are right, of course, is rather a different matter.

3791. Can I just conclude then by asking this? You say that there has been a narrowing of gaps in the Civil Service. Has there been any similar tendency to widen out again?—Not in the Civil Service as I understand it. That is one of the problems for the Commission. May I ask if you would like me to let you have the examples of what would happen to officers on promotion as a result of the overlapping of the scales and of provincial differentiation extra duty allowance.

Chairman: Yes please.

3792. *Mrs. Wootton*: And actual cases of refusal to take promotion?—We can only give you four of those because we have no records, but I can give you those. I must add that while the loss in salaries is the main factor there are other factors, such as having to change a school and so on which do apply, but the main factor which we find does make a man refuse promotion is the loss in salary.

3793. *Mr. Cash*: It is not only refusal; it is also reluctance, occasionally rising to the level of refusal?—Yes.

3794. *Mr. Menzies*: Coming to your paragraph on purchasing power I would like to have your opinion as to whether the index of retail prices is suitable or unsuitable for adjusting salaries of civil servants in the same way as the old cost of living index used to be applied?—I would not regard the settlement of wages on a cost of living basis as the correct method irrespective of whether it is our old cost of living index or our present retail prices index. I particularly do not think it is the correct method in respect of civil service salaries. I do not want to repeat what I said earlier but I do not think it is the right principle.

3795. Do similar remarks apply to the wages index?—Yes, certainly. I think that that too is not the right principle. The wages index just gives you an index of a whole lot of wages which are paid to many different kinds of people and those kinds of people are not comparable with the people who are working in the Civil Service. You should not, if I may say so with respect, compare a clerical officer in the Civil Service with somebody—a millwright or a turner or a fitter—in the engineering industry. They are not comparable grades. In any case, the wages index does not tell you what has happened to the wages of the fitter or the turner or the millwright.

3796. The point I want to put to you, Sir Godfrey, is that you will accept, will you not, that civil servants are entitled to have pay increases because of rising prices?—I would say they are entitled to have increases if their comparable grades outside have had those increases, but if the comparable grades outside have not had any increase and the retail price index has gone up that, in my view, is no justification for increasing the civil servants' salary.

3797. Is it not arguable that the wages structure might remain unaltered for 12 months?—I would say there is no justification for paying the civil servant something which his equivalent outside has not got.

3798. May I put one final point on this? How would you measure the outside inflation assuming there has been no general disturbance of relativities between one employment and another?—I would take the comparable grades outside the Civil Service and see what in fact they were getting in cash.

3799. Could I now turn to that part of your memorandum headed "Non-manual workers" at the foot of page 1097 and onwards? You refer there to the lack of comprehensive information. Does that not impose an obstacle in the way of applying the general formula?—I do not think so. This really means comprehensive information of a statistical nature. Comprehensive information in the eyes of the statistician means something different from what it does in the eyes of the ordinary layman. When you get a claim in respect of certain grades in the Civil Service you can go outside and get information, as in fact the Treasury do.

3800. You would agree, would you not, that when you are trying to make these comparisons, the grading of officers in comparable jobs does make it very difficult?—It does make it more difficult.

3801. There is a reference on page 1097 to an upward trend of the order of 20-25 per cent. Could you give us some idea of the range of salaries covered by that?—Might I ask Mr. Nash to answer

that question?—Mr. Nash: I cannot give the range of salaries. This information is derived from the vacancies notified to our appointments offices and our technical and scientific register. Many of these vacancies will be vacancies for relatively young people but some of course, particularly those notified to the technical and scientific register, would be for older people. I would like to make the point that it is a mixture of technical and non-technical jobs. They are not all of an administrative type. Too much importance should not be attached to the figures 20-25 per cent.

3802. They might cover the span from £500 a year to £2,000 a year. Have you noticed the curious parallel between that figure and the rise of the interim index of retail prices since 1950? It has risen 20 per cent. in that period.—Yes.

3803. May I proceed to another point. The Treasury in their evidence said that the Ministry of Labour record of results of arbitrations and negotiations gave a useful general picture and was particularly relevant to rates—minimum rates—for simpler clerical work. Would you care to comment on that? We were wondering whether there was any useful information you might let us have.—Sir Godfrey Ince: It may give you some assistance. I do not know. It is very comprehensive. We can certainly let you have it.

3804. Mr. Cash: Turning to the next paragraph, under the heading of "other benefits", you probably saw what Sir Edward Bridges had to say on that particular subject.—Yes and I do not think I would go any further.

3805. That is to say, no further than the Civil Service has already gone?—No, I think not. Taking cars, for example, I think the rules laid down are very rigid, but I doubt whether it is practicable or desirable to relax them. I know that if people like myself work very late they can have the rule relaxed about going home in a car. What one feels about that is that you might get stuck at the office till 8 o'clock or after at night when such things as trade disputes are taking place, but you do not know at, say, a reasonable hour in the afternoon, whether that is going to happen. Therefore you have not got the facilities if you are really urgently in need of them. Secondly, it means exercising your own discretion and you are never quite sure whether somebody as a result is going to raise the question in Parliament. That is a thing which the officer does not like to risk, and even if there were some slight amount of flexibility I doubt whether any change would be desirable unless and until public opinion is altered on this subject. On this and on entertainment too, I think you really cannot go further than we have gone. I know one feels about entertainment that

you get entertained and you cannot return that entertainment. I think the real way to deal with that is through the salary.

3806. That is the next point I was going to ask you. Are you going to measure that up to some degree in the salary and emoluments a civil servant receives?—I think it is the only way to do it.

3807. Turning to the question of removals, apart from the effect of c.d.a. or provincial differentiation, what about housing? Do you come across that difficulty?—We do.

3808. Do you think that there is sufficient help given at present, reasonably, and so on?—Well, we have welfare officers who do not only their normal job in respect of the public, but also assist our own officers. We have to do a fair amount of transfer because the volume of work in one office may fall off and in another increase. Then of course promotion frequently necessitates transfer and it is a great hardship on the staff, there is no question about that. It is a hardship in respect of money and it is a hardship too in finding accommodation. Within our own organisation we do everything we can to find accommodation for our own officers but we frequently fail and I know that many officers have a most frightful job themselves, in addition to our efforts, in getting accommodation.

3809. *Chairman*: Is the policy about removal expenses adequate to meet the case?—I would doubt it.

3810. *Mr. Cash*: Appreciating what Sir Edward Bridges has said in regard to public opinion in all these matters, it does strike one that if ever public opinion is to be to some extent educated, it is for a body such as this, which is independent, and not the Treasury or anybody within the Civil Service, to make some recommendation which might overcome some, at any rate, of the antipathy of public opinion to the civil servant getting away with this privilege or that?—I would entirely agree with that.

3811. I was going to say one last thing about housing. Of course, what the outside employer so often does as regards housing is to facilitate the purchase of a house in all kinds of ways. (Nothing of that sort is possible within the Civil Service?—Nothing of that sort is done within the Civil Service.)

3812. It is not possible?—I do not think I can answer that question. It is really a question for the Treasury to say whether it is possible or it is not possible.

3813. *Mr. Lloyd Williams*: No interest free loans! May I come to the car amenity; it is in my mind very much. I think you said the rules are rigid and that nothing much can be done about it, but have you thought of this? In outside industry one can fairly say that half the

cars we see being driven about in London today are not owned by the people who drive them, but by the firms. That is the first question, and the second is this. Are not the duties of civil servants very exacting and would not the provision of a car ease the strain considerably?—Yes, undoubtedly.

3814. Would one not say that this rigidity in the Civil Service, in the light of those two factors, is far too stern?—Yes, I would agree with that. I still feel a fundamental difficulty in saying that anything ought to be done about it but I do know from my own experience that the use of a car would be of immense benefit to a permanent secretary.

3815. To the Service?—I would say, yes. In my own case I always drive up in my own car, which saves me anything from one, to one and a half hour's travelling—a walk, a bus, a railway journey and an underground journey. I can come up in my own car in half an hour and in order to save all that wear and tear I use my own car every day to bring me up and to take me back. I drive myself.

3816. You get no allowance?—No.

3817. *Sir Alexander Gray*: I was going to ask about entertainment. For those at the very top, as you say, there is a great deal of difficulty; you have to ask people out and meet them and there is no provision made for it. You suggested, in reply to Mr. Cash, that the only way to meet that would be by putting up the salaries somewhat?—Yes.

3818. I am not happy about that. How long would it take the Civil Service to forget that that element was in their salary? Would they in ten years have forgotten all about it, thinking that the salary was for the job? Would there be the old grievance again?—That is quite possible, but the question of entertainment of course does not arise merely in respect of the senior civil servants. It arises, for example, particularly in respect of our regional controllers. It arises in some cases in respect of our exchange managers, particularly in important local offices.

3819. *Mr. Burman*: I come to your paragraph (b) dealing with principles of pay. One of our terms of reference is to advise if any changes are desirable in the principles which govern pay, and in your memorandum you say that there are no principles which can be applied. I would like to ask you to amplify that a little? Is your point that in what we are trying to do we should not—how shall I put it—flatter by the use of the word "principles", that we are simply discussing methods and that the word "principle" is not involved: that one cannot consider fair comparison and relativities and so on as principles.

and that the whole situation is so bedevilled with complex variables that there are no principles in the sense of a set of rules or formula, which are capable of general application, either to the outside field or the internal field in the Civil Service?—That is so, yes. I think wages in this country are not settled by any definite principle. They are settled by collective bargaining and no principle for settlements has emerged. There is therefore no principle applied either to industry or within the Civil Service.

3820. And if we could find any principles, a set of rules of general application, they would not be valid in time; they might be workable over a short period but they would become increasingly invalid over a lengthy period?—That is very likely, I would think. I was not sure whether you were limiting that just to industry, or whether you were contemplating that there were general principles that might apply to salaried grades in the professions, the banks, the insurance companies and so on.

3821. Well, really either, or both?—I could see the possibility that principles might emerge in industry which might not be applicable, or emerge, in the professions or in commerce.

3822. *Mrs. Wootton*: Your negative, if I may so put it, in paragraph (b) is very uncompromising. You say there are no principles in outside industry at the moment. In that case, what do collective bargainers appeal to when wage claims are put in and supported by argument?—That depends on the particular claim and on the particular people but general factors are the change in the cost of living, if any, as measured mainly by the retail price index, the ability of the industry to pay, the published profits, or the amount of dividends, the general economic position of the country, the employment position, and so on. They are all factors which enter into the argument during negotiations.

3823. *Mr. Cash*: Including recruitment and wastage?—Yes, maybe.

3824. *Mrs. Wootton*: I think perhaps to our questions about general principles—I gather you would prefer to call them factors—you would say that those are the factors to which appeal is made?—Those are the kind of factors, yes, but I am afraid I interpret the word "principles" as principles.

3825. *Sir George Mowbray*: You would say the factors are so variable that they cannot be described as principles, is that it?—That no principles emerge from them, or can emerge from them.

3826. *Mrs. Wootton*: This is rather an important point, because I am not quite

sure whether you are saying that although reference is made to these factors, and lengthy argument takes place relating to them, in point of fact the decision which emerges has nothing whatever to do with them—are you saying that?—No, I am not. I think it has some relevance to the factors and the importance thereof but as to exactly which factor is weighed more than another, it is not possible to tell. It may well be, for example, that the prosperity of the industry may be an overriding factor in one particular set of negotiations but it may have little relevance in another.

3827. Could we put it this way, that in the choice of the factors there is no principle at work except perhaps the principle of choosing the one which looks like being the most successful?—I would expect the staff association or the trade union to make the greatest play with the particular factor which they think will help them most at a particular time.

3828. *Sir Alexander Gray*: May I try to bring this down to a concrete point and ask Sir Godfrey what guides a Wage Council when it fixes a wage?—I think I have mentioned some of the factors which guide a wages council, and must necessarily guide an arbitrator, but it does depend on the circumstances of a particular case as to which combination of those factors plays the greatest part.

3829. Including the desirability of getting something that both sides will accept?—Yes.

3830. *Mr. Burman*: I would like to ask Sir Godfrey what is his definition of the word "principle" in this context?—I do not regard a factor as a principle. If, for example, a study of wages settlements showed that they all varied exactly with the cost of living figure you might say that the main principle in settling wages was cost of living.

3831. *Mr. Cash*: Can I just intervene here to ask, putting it in rather a different way, would you consider, for example, that what has been called the "Tomlin formula" is today not only dead but useless, and was useless for some considerable time?—Not at all. I think it is completely right and relevant; it is used today and is perfectly sound.

3832. I am naturally heartened by this wreath of forget-me-nots which has fallen upon the grave of the Tomlin Commission, but speaking quite seriously, are you suggesting that it is possible or impossible, desirable or undesirable, that there should be a formula?—I think it is very desirable that there should be a formula—if I may add the Tomlin formula—and I would regard that as a principle for the settlement of civil service salaries.

3833. *Mrs. Wootton*: Principles in the Civil Service, but not principles outside, you are saying, I think?—Yes, I think so, because there are totally different considerations.—*Mr. Nash*: May I add a word to explain our categorical "No"? We interpreted the question as referring to all the hundreds of settlements which there have been over the last few years and if you ask if any principle had emerged from those hundreds of settlements, we can only say "No".

3834. *Mr. Burman*: In the second paragraph of (b) you refer to the limitations due to the comparative lack of information about salaries. Would you like to expand that? Is there a possibility of a worthwhile salaries index?—*Sir Godfrey Ince*: We are at the present time endeavouring to compile an index of salaries. We are collecting information and we hope that we shall be able to produce a worthwhile index in the fairly near future.

3835. But even then you would apply the same reservations on its applicability to the Civil Service?—Certainly, because the comparable grades might well have gone up either more than the index or less. The index is just a general indication of what has happened all over the field but it is no indication of what happens in respect of one particular grade or profession.

3836. *Mr. Menzies*: I should like to ask a question about the new salaries index. I gather that arrangements have been made for information to be obtained for salaries in certain kinds of employment all of which are public service. You would agree, would you not, that public employment works very closely to the way in which the Civil Service does, and to some extent models itself on civil service practice?—I do not think I would have said, with respect, that these other organisations follow the Civil Service. I think it is the other way round. We are not making enquiries merely in what we call the public service.

3837. I just mentioned it for the record because national government, nationalised industries, education, the health service and the local government service are all of them public employers in one form or another?—The banks and insurance companies are not.

3838. Have you been equally fortunate with industry and commerce?—No.

3839. We understand that the British Employers' Confederation, to put it simply, will not play?—That is so.

3840. Will not the impossibility of getting systematic data, to some extent, invalidate the salaries index?—The index

will not be so good as it would be if they would provide us with the information we should like to have.

3841. Earlier on we were talking about outside comparisons, by which we must all of us mean industry and commerce more particularly?—Yes. We would say, more particularly, commerce rather than industry.

3842. Well, industry does matter?—Yes, it does, I do not dissent from that. Industry does matter and we should certainly like the information from industry in order to include it in the index.

3843. Is there no way of getting round this impasse about getting information?—We have been unable to get round it so far. We hope that when we have, at any rate, got the index going then perhaps we might persuade the British Employers' Confederation to supply us with additional information and get it included in the index.

3844. Has any approach been made to the Inland Revenue?—No.

3845. Do you think that is possible?—No. That information is obtained for a different purpose and is regarded as confidential; the Inland Revenue have always taken that line.

3846. *Sir Godfrey*, I must put it to you, it was obtained for the Dankwerts Adjudication.—They will not give information for a salaries index, and I would not think that would be the right way to set about an index.

3847. But if industry or commerce will not play, surely that would create a situation which the Government has to do something about?—We have not given up trying to persuade them.

3848. *Mr. Cash*: May I just intervene here. If you did get Inland Revenue information, which I am not personally favouring in the least, it would not really give you the answer you want because the Inland Revenue themselves would not know how the figures would be analysed.—No.—*Mr. Fowler*: Of course, we have asked the Inland Revenue whether we could obtain this information but a serious difficulty was their inability without a vast amount of work to distinguish between salaries and wages.

3849. *Mr. Menzies*: May I go on to another matter on the indices? You do, in page 1101, make the categorical statement that the wages index has no relevance to pay.—*Sir Godfrey Ince*: May I just stop you there and apologise? The word "direct" ought to have been in—it has no direct relevance. It has an indirect relevance and the categorical statement should be modified.

3850. I find difficulty in relating that to the statement on page 1097 where it says that clerical salaries outside move with industrial wages in the railway service, the co-operative movement and the retail distributive trade; is there not some inconsistency?—These are only a few categories, and the fact that clerical salaries in this small part of industry move with the industrial wages cannot mean that the index has any real significance in connection with civil service salaries.

3851. But would you say the same thing in regard to the Post Office manipulative?—It has, I think, a little more relevance than it has to clerical and executive salaries.

3852. We have been pressed very strongly on this, as you know, in evidence by the Civil Service Alliance. Is there not information embedded in that index that might meet the criticism of non-comparability? Could one not break the index down in order to get more comparable employment?—That merely means that you try and get an index in respect of all the classes making up the particular index. I should think that a much better way is to find out what the comparable people are being paid.—*Mr. Fowler*: Perhaps I could say, taking the existing wage rate index, it would certainly be quite impracticable to extract a component of that index which would be at all relevant.

3853. The Institution of Professional Civil Servants suggested that the Ministry of Labour might produce a series of salary indices at different levels of remuneration. Do you think that is practicable?—No, we have looked into this question on the salaries side, and we came to the conclusion that since in fact salary limits and salary scales may change, and would change, that would be impracticable. One would have a different group every five to ten years. The only way to do it would be to define a particular type of work and price that, as it were, over a period of time.

3854. One other point about using indices. There have been two all-Service adjustments of pay, one in 1952 and one just now, a sort of interim settlement. I know the official line is to disapprove of that method and to rely rather on the method you have advocated of grade by grade comparison inside and outside. Are these generalised adjustments common or exceptional in outside industry?—*Sir Godfrey Ince*: I would have thought, if you are looking at organisations rather comparable to the Civil Service, that they would be unusual. Of course, the second of those adjustments which was made recently was quite unusual and, as you know, done for special reasons.

3855. Take the railway industry: when the wage grades get 7s. 6d. a week is it not the case that the clerks also get £20 a year, or whatever it is?—Well, the clerks do put in a claim, not always at the same time as the N.U.R., but they put in a claim and they do negotiate, but that need not necessarily be related to what is done for the wage grades.

3856. *Chairman*: Can I take you back to paragraph (c) which deals with the household expenditure enquiry and provincial differentiation? You refer to the fact that the information will not be available until the middle of 1955. Is it possible to obtain any of this material before it is published?—*Mr. Fowler*: The real difficulty is that we are still some way from even having it tabulated; the trouble is the tabulation programme.

3857. I wonder if you would care to give us your views on the subject of provincial differentiation generally?—*Sir Godfrey Ince*: I think, as a general principle, it is right, and at the moment the only thing that has to be considered is whether the amounts are correct. I think that if you did away with provincial differentiation two things would happen. You would never get any of your officers to transfer to headquarters in London and you would get a claim for a London allowance straight away which brings you back at once to provincial differentiation.

3858. The Staff Side are definitely against it.—I know, they always have been, but I think it is correct on merits, and, as I say, the real question is to fix the correct amount.

3859. *Sir George Mowbray*: Is it right that provincial differentiation is at present affected by overtime and e.d.a., and might a flat London allowance avoid this difficulty?—Yes, to some extent.

3860. *Mr. Lloyd Williams*: The differentiation is made more acute?—Yes, by the extra duty allowance.

3861. And if you have the same allowance in the provinces as in London that acuteness would be removed, would it not?—Yes.

3862. Are your views on provincial differentiation to be read subject to information that may come out of the budget enquiry showing variations in the cost of living in different parts of the country?—I would expect that the information which may come out would be something which would help in determining the amount of provincial differentiation.

3863. *Sir Alexander Gray*: Do I understand your position, broadly, that provincial differentiation is right in principle—if I may use that word?—Yes.

3864. Beyond that, you are suggesting, or at least you admit, I think, that there are a great many practical difficulties. Do you think these can all be overcome?—By abolishing provincial differentiation?

3865. The kind of thing I mean is that provincial differentiation goes by where a man has his job, not where he lives. He may live outside a town, he may come from somewhere outside Manchester, and if his job is changed he loses his provincial differentiation while remaining in the same house. Do you think that kind of thing could be met?—I think that abolishing provincial differentiation will land you in a certain number of those kind of difficulties. A man may be living outside Manchester and working in an exchange near his home. He may be transferred to the regional office in Manchester. If there is no provincial differentiation then he is going to lose because he has additional travelling expenses.

3866. So you rather think that the abolition of provincial differentiation would raise as many anomalies as it abolishes?—I think it is quite likely.

3867. *Mr. Lloyd Williams:* Its justification depends on the fact that it is more expensive to live in London than it is in the provinces, but if that difference disappears then, will provincial differentiation problems disappear?—Yes, if in fact, cost of living, including transport—that is an extremely important factor in respect of London—were evened out right throughout the country then you could do away with provincial differentiation, but, of course, in the country a man normally lives close to his work and does not have to travel. He can very often walk or, in any case, go on his bicycle. He does not have train journeys and bus journeys to anything like the extent that the people do in the large towns and in London.

3868. The main factor is travelling expenses in London?—Very largely.

3869. *Sir Alexander Gray:* What about the exchange manager at Bow and Bromley who lives next door to his office?—I think you cannot get over that whether you have provincial differentiation or whether you do not.

3870. *Chairman:* Have you any views, from the management point of view, about

the Treasury proposals for hours and leave with particular reference to local officers?—This is in connection with the 10½ day fortnight?

3871. The Treasury proposal.—If the Treasury proposal were to be accepted then we should have to ask for some different arrangements for our local offices. We could not work a 10½ day fortnight in the employment exchanges because, since the advent of the five day week in industry, Saturday morning is the busiest time of the week in our employment exchanges. It would be, I am sure, impracticable to say they could have Monday morning off instead. That would be extremely unpopular with the staff and Monday is a very busy day in the exchanges. Saturdays and Mondays are busy because a lot of people finish up their job on the Friday night and want to change it and they come in on these mornings. I think, that there would have to be some alternative arrangement which would give the staff compensating leave for having to work every Saturday morning. That also applies, to some extent, in my view at any rate, to the senior officers at headquarters. We cannot possibly do without our senior officers on Saturday morning. If I may just give one illustration, my Minister answers Questions on Tuesdays. Most of those Questions are put down on Friday and we get a flood of them on Saturday morning. They have to be dealt with so be available for the Minister either to take home for the weekend or alternatively to have them by first thing Monday morning. One thing, I think, that would be of great help would be if Saturday morning counted as half a day's leave and not a full day's leave, because it is so expensive in leave to take off a number of Saturday mornings.

3872. *Sir Alexander Gray:* May I ask whether your senior officers work on Saturday afternoon for the reasons you have given?—Quite a number do, yes, I do not, personally, because I take the work home instead. I am a cricketer and play cricket in the summer and I go and watch football in the winter, and I prefer to spend the whole of my Saturday evening doing the work which I would otherwise have to do at the office.

3873. *Chairman:* Thank you so much. We have had a very interesting morning.

(The witnesses withdrew.)

(At this stage the proceedings were adjourned for a short time.)

Memorandum of evidence submitted by the Scottish Office

The principal functions for which the main Scottish Departments are responsible are as follows:—

Department of Agriculture for Scotland. Agricultural policy; farming efficiency and production; grants and subsidies; review of agricultural prices and marketing; education, advisory services and research institutes; land settlement, management and improvement; improvement of livestock; crofter housing, etc., in the Highlands and Islands.

Scottish Education Department. Educational policy; supervision of the work of local education authorities and other grant-aided bodies; inspection of schools and colleges; training, certification and pay of teachers; administration of Royal Scottish Museum.

Department of Health for Scotland. National Health Service and public health generally; housing; town and country planning, new towns and satellite towns; water supplies, sewerage, and certain other public health services.

Scottish Home Department. Police, prisons, fire services, civil defence (and other functions undertaken in England and Wales by the Home Office); local government; fisheries; electricity; Scottish development; and legal services.

The numbers of staff (non-industrial) in post on 1st October, 1954, are shown in the following table:—

	Department			
	Agriculture	Education	Health	Home
Administrative	30	19	55	53
Executive	245	109	233	143
Clerical, typing and machine operators ...	668	136	476	299
Professional, technical and scientific ...	524	132	158	222
Others... ..	56	33	14	1,014*
Total	1,523	429	936	1,731

* Includes prison staffs—724.

Examination of Witness

SIR DAVID MILNE, K.C.B., *Permanent Under Secretary of State, Scottish Office, called and examined.*

3874. *Chairman:* Are there any general remarks you would like to make before we start our questioning?—*Sir David Milne:* I don't think so, thank you. Perhaps if anything occurs to me in the course of the questioning I might say something at the end.

3875. We have heard a great deal about the narrowing of differentials—the concertina as it has been called—and we wondered whether in the Scottish Office you have had any experience of difficulties owing to this?

—You have probably heard from other witnesses that, particularly in the middle ranges, there is only a very small gap between the maximum of one scale and the minimum of the next, with the result that there is very little financial incentive to officers to accept promotion and the greater responsibilities of the higher grade. In some cases the gap is widened by the effect of the promotion increase arrangement, but this has a ceiling of £70, and does not produce the same proportionate widening

at higher executive officer level and above as at lower levels. Again, the ceiling of £1,500 for extra duty allowance and pay supplement depresses the maximum of the principal and the chief executive scales compared with the grades below. Then again, because of the effect of provincial differentiation, officers promoted and transferred from London to intermediate towns may get little increase at all. They may also find themselves conditioned to a longer working week and have their extra duty allowance reduced from 8 per cent to 3 per cent. Again, officers drawing a private secretary allowance may get little increase on promotion.

An example may be of some interest. A principal on his maximum in London, if he is promoted to assistant secretary, and assigned to one of my headquarters offices in Edinburgh, would enter the assistant secretary scale at £1,650, giving an increase of £30. Then if one looks at the professional field, doctors for example, there is a terrible squeeze; £2,100 maximum for the medical officer grade; £2,200 flat rate salary for senior medical officer; £2,350 for a principal medical officer; £2,600 for the deputy chief medical officer and £3,000 for the chief medical officer in Scotland. We have not much practical experience of officers declining to accept promotion because of the small inducements, but the Department of Agriculture for Scotland have, on occasion, found that officers in Edinburgh have declined promotion to positions elsewhere because the increase of salary is not sufficient to outweigh the other factors involved—domestic disturbance, in the first place, but also the fact that the e.d.a. is reduced from 8 per cent to 3 per cent, and the provincial differentiation. At the end of the day most people do accept promotion, but the absence of clearly recognisable incentives must impair efficiency.

3876. Another question which has been concerning us very much is that of horizontal relativity. You have a lot of specialists have you not?—Yes, we have a fair number.

3877. Do you feel they should have a well defined relativity with the non-specialists, or do you think it works out fairly well in practice?—The present relativity between the professionals and the administrators and others I should be inclined to say was about right, though there may be pockets here and there where some adjustment, either upwards or downwards, would be desirable. If there were to be any change, substantially affecting one particular class one would have to watch the others in case the relativities were disturbed.

3878. *Mr. Lloyd Williams*: Would you think it reasonable that the senior member of a scientific or professional class should

have a salary comparable with that of the senior men in the administrative class?—I think that the relativities are about right just now and you would have to be very careful in making any great disturbance about them. Would you like me to say a word about the relations between the classes?

3879. Yes, I would.—You have probably heard this from others. I speak from a Department which is primarily administrative and executive, but looking at it from that angle I say that our professional, scientific and technical people make a most valuable contribution in a number of cases to administrative decisions and departmental action. The services of these classes are, of course, rendered within the scope of their own professional skill and techniques. In the taking of any administrative decision there is, apart from any technical or professional considerations involved, a very wide range of other important considerations of a practical, financial and other character which have to be put into the scale and properly balanced, and it is there the administrator comes in to bring all aspects of the problem together. He has the responsibility of presenting a balanced view and securing a decision which his Minister approves and can defend in the House. In order to achieve that there has to be a close co-operation at all levels between professional and administrative people, and I think on salary it is important that the salary relationship between the professional and the administrator, for example at the principal level, should be such as to facilitate the equality of partnership between the two sides which is absolutely essential if you are not to have the work of the administrative side of the office being forced up to unduly high levels.

3880. How far down would you carry this?—I think the partnership goes right down the scale to the principal level. Many things not involving major questions of policy can be settled between the two at that level.

3881. *Chairman*: How do you feel about the proposal to fasten rather rigid horizontal relativities on the administrative and executive classes?—We do not have such a large number of executives in our case, but I think there is a distinction between the executive and the administrative function. It is a very important function, the executive, but it is a little more specialised. I think the assistant secretary, for example, has a more difficult role to fill than the principal executive officer; hence the difference in grade and salary.

3882. *Sir Alexander Gray*: The question of relativity between the administrative class and the professionals rather impinges on the wider question of how you fix

salaries in the Civil Service. Are you disturbed by the fact that it is sometimes alleged that you pay your expert people less than they would get outside? Do not your doctors complain of that, for instance?—The salary scale for the doctors, which indeed I have quoted, is not satisfactory at all. It is one of the problems which must be worrying the Commission.

3883. If it was shown that your doctors, for instance, were less well paid with you than outside, would you be prepared to advocate an increase of salary or other rewards of various kinds for keeping them?

—The experience of our Department of Health is that the salary of the medical recruitment grade has had to be fixed in keeping with medical remuneration outside in order to secure recruits of adequate quality, and this has meant in turn that the salary relationship between the doctors and the administrative class, particularly the principal grade, has come dangerously near to threatening the equality of partnership between them, which is essential and which we do not want to have to force up to a higher level.

3884. You rather assume an equality of partnership depends on an equality of salary?—Money talks, does it not!

3885. *Mr. Lloyd Williams:* This does raise a rather general question which has been discussed with other people. Are you regarding the internal relationships between the scientific and professional as being the governing criterion, and the desirable criterion, or is comparison with outside, in relation to the scientific and professional, better and more desirable?—I would agree with the principle of fair comparisons with remuneration outside the Civil Service, but the practicability of applying it is rather a Treasury matter. I imagine there are fairly obvious and straightforward comparisons in the case of the professional technical and scientific classes, and certainly of the lower grades of the other classes, but higher up the scale obviously it is more difficult to make accurate comparisons between civil service salaries and remuneration outside, and indeed when you get to the top level I doubt whether there are many comparisons outside.

3886. And at some such position up the ladder you wish the internal relationships to take over?—You must think of both. You have to square the circle really. There is no absolute answer, but in so far as you can guide yourself by the outside comparisons you must do so.

3887. And as far up as you can go?—Yes, and you must also see that the result is consistent with the structural layout inside the Service.

3888. And this structural layout should condition the answer?—Yes.

3889. *Sir Alexander Gray:* I think we are getting back to the fundamental and original problem, which is what you ought to pay civil servants. I understand that up to a point you say there ought to be fair comparisons outside as a starting point, without denying there are mighty difficulties in getting fair comparisons and that as you go up the scale it becomes more and more impossible.—Not, say, in the professional, scientific and technical classes. I think you can get those.

3890. You can compare doctor with doctor; engineer with engineer. Now the point that worries me in what you are saying is at a certain point internal relationships take over and you cease to think too much about what the doctor gets outside because obviously he is getting more than he would get inside. Now, what is going to happen if in fact you cannot get your doctors? I would like to know whether, fundamentally, you object to giving the doctors, the engineers, a bigger salary than the administrative people?—We have not been faced with that problem but if you press me on it I would say that there is no reason either to anticipate it or to solve it in that way.

3891. Again, this comes back to the question, a very fundamental question, why do people enter the Civil Service?—I could not say what is in the minds of the recruits to the Civil Service. It certainly is not only a matter of money. It is the kind of work probably; most people before entering the Civil Service know very little about it, but they think it is the kind of work they would like to do.

3892. *Chairman:* You were saying that comparison is not possible at the top levels but is it not possible to get comparison in the management field of industry, for instance?—Yes. I do not want to be taken as saying it cannot be done, I merely say it gets more difficult the higher you go. The Chorley and other committees have talked about this, and I do not say it is impossible at all.

3893. Do you mean because it is difficult to get the information or because they are not comparable?—It is comparability of jobs. After all, the responsibility which is carried by a senior civil servant has no exact equivalent in outside employment—the financial turnover does not form any criterion. The responsibility of the Head of a Department to the Public Accounts Committee has no parallel anywhere.

3894. *Mr. Willis Jackson:* One may not be able to be too precise about the respective natures of the work at that level but one can surely compare the order of responsibility which is carried?—Yes. It is not a thing, as you will appreciate, I have had to concern myself with and I do not know how the Treasury do it, but looking

at it from the outside I would say it would probably be a very difficult thing, though not impossible.

3895. I think the Treasury have suggested it is easier at the bottom and perhaps for the top than for the middle ranges?—The difficulties do vary.

3896. Have you any comments to make on the method which is adopted within the Civil Service for making these outside comparisons?—I am afraid that is more for the Treasury.

3897. *Mr. Menzler*: The permanent secretary is very similar to a general manager, in his main functions?—Yes. You could say the board and the general manager, and the Minister and the Head of the Department are to some extent analogous.

3898. And you can get information on what general managers get outside; although money may not be everything. Civil servants, I am pretty sure, must be conscious of the fact that general managers get rather more than £4,500?—Yes.

3899. At the other end of the scale, under £1,000, you get negotiation and arbitration and much closer and direct comparison with outside conditions?—Yes. I do not know whether it is a good or bad thing but there is the point that in the top reaches the civil service salaries are, rightly, published to the world and it is very seldom that you get comparable figures published outside.

3900. You did rather say that as you go up you get to the point where you cannot make a comparison, but is it not more a tapering effect downwards; at the top you get an artificially depressed salary of £4,500 and that exercises a gradually decreasing effect until outside comparisons are more readily made?—I am sorry if I conveyed the impression that there was insuperable difficulty at the top; I did not mean to. I do think it is easier at the bottom and for the specialist classes, and more difficult at the top.

3901. But the specialist classes too suffer from depression by the overriding maximum in the Civil Service?—Yes.

3902. *Sir Alexander Gray*: Now, from your experience, are you getting the people you want: are they as good as they used to be in our day?—As to the assistant principal grade, we have a lot of Ministers and a lot of private secretary posts, and we need quite a number of assistant principals and like them to be good as they get into the private secretary posts pretty early. I would say that we are, generally, satisfied as to quality. Quantitatively we could do with more than we get. I do not know whether there is a general shortage. It is, however, difficult to compare exactly with pre-war because the post-war entrants are more mature owing

to war service and National Service, and also because of the difference in the scale of the present intake which is much higher than it used to be. Possibly there are fewer first class candidates because of other things, such as the great pull of industry in science and technology, which one would expect and which is very proper.

3903. And the fact that you want more?—Yes, the fact that we want more owing to the expansion of the field of Government.

3904. Does that apply to candidates for other classes besides the administrative?—I am speaking primarily about assistant principals. I think otherwise the thing is all right.

3905. *Chairman*: Has the wartime and post-war expansion led to any dilution of work?—No, I do not think it has, really. We have expanded but there has been no sudden expansion of our Department as a result of the war. Since the war we have had a considerable number of additional functions vested in us, and indeed a lot more coming, but it has been a gradual process and we have been able to recruit the additional staff gradually and I would not say there has been any dilution. Of course, the cessation of the competitions for a bit did have some effect but that is over and done with and I think the position is reasonably satisfactory.

3906. Do you feel that higher salaries are too low in relation to those outside?—I would think the squeezing together problem is creating difficulty both in the upper middle and the top.

3907. *Mr. Willis Jackson*: Does this show itself in losses of men that you can ill afford to lose?—I cannot complain personally of that. We have not actually lost them in the Scottish Departments.

3908. *Chairman*: That rather affects the next question, whether you have any strong feeling about outside remuneration in kind having an effect on the situation? We have heard a lot about these amenities.—On that, we do, as no doubt you have heard from others, compare unfavourably with outside employment, but there is of course need for the greatest caution here and I certainly would not suggest that we can introduce less strict precautions as regards recovery of entertainment costs and costs of travel. I do think it would be right that the fact that we are less favourably placed in this matter should be definitely made allowance for in any salaries that you may recommend.

3909. *Mr. Menzler*: Any increases that might come out of this would be subject to tax and surtax.—Yes.

3910. *Chairman*: Have you any views on the Treasury proposals about hours and leave?—As the Commission know, the

staff generally feel strongly about the proposals to which you refer. I think I ought to say that the headquarters staffs in Edinburgh feel particularly strongly because if the proposals were adopted as they stand it would mean that they would not only share in the general increase of hours which is proposed but they would also lose the benefit which they have hitherto enjoyed of being on the same level of hours as headquarters offices in London. Whatever the outcome of the proposals therefore I think it will be necessary for the position of headquarters staff in Edinburgh to be specially discussed with the Treasury. It is a detailed point which we shall have to raise, I think.

3911. It is the same as Cardiff?—Yes, I think the same applies to Cardiff. I do not know whether the Commission would wish to check whether the hours proposed correspond to those actually worked in comparable employment outside. It is only a suspicion but I doubt whether the hours worked in comparable employment in Edinburgh are as long as is proposed.

3912. *Sir Alexander Gray*: What do you take as comparable employment—banks, insurance companies?—That sort of thing.

3913. *Chairman*: Is there any difference between the situation in Edinburgh and further south, do you think?—Edinburgh is a headquarters town for certain kinds of employment, of which insurance, banking and legal offices are perhaps the main, and you may find that these people would be working shorter hours. But I do not know, it is only a feeling.

3914. But you do not think they are working different hours from comparable employment down here?—That I would not know. I have no evidence.

3915. *Mr. Cash*: Would it be possible to obtain from your Department some evidence about hours worked in Edinburgh?—We have not got it but we could try and find it for you if you asked us to.

3916. *Sir Alexander Gray*: Have you any feeling about the length of the working week in Scotland?—No. There may be difficulties about the Saturday, as indeed there may be in a number of Whitehall Departments. I do not think that it could be operated for more than a proportion of the staff and some adjustment would have to be made for those who could not take the alternate Saturdays.

3917. Of course, you are not so much in touch with the public as, say, the Post Office, or the Ministry of Labour?—We are in touch, unfortunately, with other things. We get notices of Parliamentary Questions at 11.30 on Saturday morning and the top ranking staff have to be there.

3918. What about the lower ranks?—A number of the lower ranks would be needed too, but I agree a proportion of them could take Saturday off.

3919. Do you think there is as much of a case for the five day week in Edinburgh as in London, on the human side? Is there any great desire for the five day week amongst your staff?—I have not asked them. I am certain that if it was introduced in the south they would wait it in Edinburgh.

3920. No doubt. But you have no difficulty in getting away from St. Andrews House and being on the golf course at a quarter past one?—Again, I refer to the upper reaches; they have very great difficulty in achieving that.

3921. In places where you go home for lunch there is not the same demand for a half day on Saturday, is there?—I wonder how many of them get home for lunch. We have a very active canteen with about three services.

3922. On Saturday also?—Every day—it would enable them to get to the golf course a bit quicker!

3923. *Mrs. Wootton*: I suppose you have no figures about that?—No.

3924. Is it possible to get them about the service in the canteen?—You mean, how many people have lunch?

3925. Yes.—We can get figures on that.

3926. One cannot see all the others going home and it would be something?—Yes.

3927. *Mr. Cash*: Have you any idea where your staff reside, because it was said by somebody that all the Edinburgh people could not get accommodation on that side of the water and went over into Fife?

—No. There will be a lot of people living in Edinburgh; it has been built up and there are new housing estates. There is one at Fairmilehead which is five to six miles by tramcar, or bus, but the bulk of the staff would be living within three or four miles I would think.

3928. *Mr. Menzies*: The five day week is as common in Scotland as in England, in industry and commerce?—I do not know of any differentiation. I think one should be guided by comparability.

3929. *Sir Alexander Gray*: Have you any views about what leave a civil servant ought to be entitled to, whether he gets it or not?—I must of course attach importance to having a contented and well stimulated staff and therefore I assume you will give due attention to the evidence the staff are putting up on leave. If you press me, however, and ask my own views as to whether we could put the clock back

to where it was—time has marched on and I do not think it is really practicable.

1930. You think the Civil Service as a whole is quite generously treated in the matter of leave?—I think I had better not go further than what I have said!

1931. *Chairman*: Have you any opinion on provincial differentiation?—May I describe it as a provocative expression. At least one of the two words is singularly inept! Edinburgh University would not like to be called an intermediate university, and Aberdeen would not like to be called a provincial university—I suppose Oxford would be one too! As to the idea itself, and I gather you are going to get evidence about this, I think it would be right to say that the feeling of the staff of the Scottish Departments is that the work they are doing is of the same kind and the same importance as the work being done in London and that the scale of salary should therefore be the same. If there are special conditions in London, such as the time and the additional cost of travel, it is arguable, and I have no doubt it will be argued, that this should be reflected as in the case, for example, of the police, by a special London allowance. In any event, I think it would be strongly felt in these Scottish Departments that any differentiation of this kind if it continues should not affect the amount of an officer's pension. I think with pensions totally different considerations arise.

1932. That is from the point of view of the staff. From the point of view of management, do you feel the same?—I think you certainly must think twice before you increase or extend provincial differentiation. If it is justified on a principle of comparability, well it may be justified; but after all a very large proportion of the staff are now working outside London. Why not fix the rate for the job and if there are extra costs in one part of the country give an extra allowance for that part, and keep pensions out of it.

Sir Alexander Gray: Of course, a London allowance comes to pretty much the same thing as provincial differentiation under a different name? If you take off £50 by way of provincial differentiation, is it not the same thing as having £50 by way of a London allowance? I agree that the pension is a different point.

1933. *Mr. Willis Jackson*: Would you limit the distinction to London?—I have not the evidence which would enable me to form a view on that point.

1934. *Mr. Lloyd Williams*: If it is shown that the cost of living is greater in London than elsewhere, would not that justify provincial differentiation?—I would like to know what the provinces are

to start with, but it would justify an allowance. It is slightly invidious in the upper reaches that a man who is Head of a Department in Edinburgh gets less than his opposite number down here.

1935. *Sir George Mowbray*: Would you say an allowance of that sort would be eligible for overtime and e.d.a. or not?—I was assuming you were going to get rid of that. I think the extra cost can reasonably be reflected in additional allowances.

1936. *Chairman*: Have you any views about arbitration for higher staffs, Sir David?—I think you have had the proposal about a standing committee for the higher reaches. I would certainly be in favour of that, and to the extent that it covered the top reaches it would, I think, remove the need for extending present limits of arbitration. The only other thing I think I can say on that is that if such a committee were set up I would personally prefer that it should only be activated by the Government, rather than either side.

1937. What do you think about it having an initiative of its own?—I would say it would be better taken by the Government. The Government appoint it, the Government are the people who settle the salaries, and if the Government think the circumstances have arisen when it ought to be considered, they press the button and set it in motion.

1938. *Mr. Menzies*: Do you mean a particular department of Government?—I mean the Government as such.

1939. The Government always moves on the advice of the very officials whose remuneration would be under scrutiny. Would it not be better to have an *ad hoc* committee with its own power of initiative, without the officials reminding the Government that their salaries wanted looking at?—You could do it one way or the other. I did not appreciate that Sir Edward had suggested it ought to be able to activate itself. His actual statement was:

"... So for my part I would prefer at any rate to start it off in the way I have suggested, namely that the body was there to be called into play by Ministers..."

1940. *Chairman*: I take it you would agree with the Treasury that it is better the associations should have no formal part?—Yes.

1941. *Sir Alexander Gray*: Have you any views on broad banding in the upper reaches?—Where possible, it is desirable.

1942. Your position in the Civil Service is rather unique, I think.—Yes.

1943. What about broad banding as applied to your four Departments?—The

present position is that there are four Departments, each headed by an officer who has the rank of deputy secretary of a major Department.

3944. Should he be a secretary? After all—without any disrespect to you—theoretically they are Heads of their Departments.—Indeed they are, in fact.

3945. But they are not so graded from the point of view of salary?—I think this is perhaps a question of domestic structure.

The whole range of Scottish administration has recently been considered by a Royal Commission, and they have made no recommendations on this point.

3946. *Chairman:* We have rather exhausted our questions. Have you any points you would like to make now?—I think I have covered everything I had in mind, thank you.

Chairman: Thank you very much for coming to help us.

(The witness withdrew.)

(Adjourned until Friday, 17th December, 1954 at 11 a.m.)



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MINUTES OF EVIDENCE

TAKEN BEFORE THE

27

ROYAL COMMISSION
ON THE CIVIL SERVICE

TWENTY-SEVENTH DAY

Friday, 17th December, 1954

Sir John Maud, K.C.B., C.B.E., Ministry of
Fuel and Power and Staff Side of the Civil
Service National Whitley Council Witnesses



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TWENTY-SEVENTH DAY

(Morning session)

SIR JOHN MAUD, K.C.B., C.B.E.,

*Permanent Secretary on behalf of the Ministry of
of Fuel and Power*

(Afternoon session)

MR. DOUGLAS HOUGHTON, M.P.,

General Secretary, Inland Revenue Staff Federation

MR. S. MAYNE,

*General Secretary, Institution of Professional Civil
Servants*

MR. J. M. WOOLF,

*Honorary Secretary, Association of First Division
Civil Servants*

MR. E. C. REDHEAD, J.P.,

General Secretary, Society of Civil Servants

MR. L. C. WHITE,

General Secretary, Civil Service Clerical Association

MR. R. A. HAYWARD,

*Deputy General Secretary, Union of Post Office
Workers*

MR. T. R. JONES,

*Secretary, Civil Service National Whitley Council
(Staff Side)*

*on behalf of the Staff Side of the Civil Service National
Whitley Council*

MINUTES OF EVIDENCE

TAKEN BEFORE THE

Royal Commission on the Civil Service

TWENTY-SEVENTH DAY

Friday, 17th December, 1954

Present:

SIR RAYMOND PRIESTLEY, M.C. (*Chairman*)

THE COUNTESS OF ALBEMARLE

MR. S. F. BURMAN, C.B.E.

MR. W. CASH, F.C.A.

SIR ALEXANDER GRAY, C.B.E.

MR. N. F. HALL

MR. WILLIS JACKSON, D.Sc., M.I.E.E.,
F.R.S.

MR. H. LLOYD WILLIAMS, D.S.O., M.C.

MR. F. A. A. MENZLER, C.B.E.

SIR GEORGE MOWBRAY, BART.

MR. G. B. THORNEYCROFT

*MRS. BARBARA WOOTTON

MR. A. D. PECK (*Secretary*)

MISS F. M. LOUGHNAME (*Assistant Secretary*)

* In attendance for morning session only.

Memorandum of evidence submitted by the Ministry of Fuel and Power on the functions and organisation of the Department.

1. The functions of the Minister of Fuel and Power are defined in the Ministry of Fuel and Power Act, 1945, which charged the Minister "with the general duty of securing the effective and co-ordinated development of coal, petroleum and other minerals and sources of fuel and power in Great Britain, of maintaining and improving the safety, health and welfare of persons employed in or about mines and quarries therein, and of promoting economy and efficiency in the supply, distribution, use and consumption of fuel and power, whether produced in Great Britain or not".

2. The Minister exercises his functions partly through his civil service departmental staff and partly by virtue of his powers in relation to the nationalised fuel and power industries, viz., the National Coal Board, the British Electricity Authority and the Gas Council and the Gas Boards. Relations with the nationalised industries are described in greater detail in Appendix A.

3. The departmental organisation consists of—

- (i) A headquarters in London, organised on a functional basis, into a chief scientist's division, eight administrative divisions, and two subsidiary branches (the statistics branch and the information branch). The administrative divisions are: coal, electricity, gas, petroleum, safety and health, economic adviser's, establishments, and the accountant general's, each in charge of an under secretary.
- (ii) Nine regional offices for work requiring local contact, seven of which are in England, one in Scotland and one in Wales.
- (iii) A mines inspectorate of seven divisions, situated in the coalfields, each under a divisional inspector reporting direct to the chief inspector of mines at headquarters.
- (iv) Safety in mines research establishment, responsible to the chief scientist, with branches at Sheffield and Buxton.

4. The *coal, electricity and gas divisions* cover relations with the respective nationalised boards in matters of general policy, production, planning and development, as described in Appendix A.

5. The *coal division* is also responsible for arrangements for the coal and coke budget and for the allocation and distribution of solid fuels within the United Kingdom and for liaison with foreign countries and international organisations regarding solid fuel exports and imports. It maintains close contact with the Ministry of Labour and the National Coal Board on labour and human problems in the mining industry.

6. The *petroleum division* advises the Minister on all matters of policy relating to petroleum and to this end maintains close liaison with the oil companies, the United States Government (there is a petroleum attaché at Washington), and with the international bodies dealing with petroleum.

7. The *chief scientist's division* has a scientific branch concerned with research and development in the field of fuel and power, and a fuel efficiency branch responsible for promoting the maximum efficiency in the use of fuel. The safety in mines research establishment with branches at Sheffield and Buxton also reports to the chief scientist. A scientific advisory council under an independent chairman and including representatives of the nationalised fuel industries, D.S.I.R., and independent experts (representative of industry and commerce) advises the Minister on the scientific aspects of problems arising from his statutory responsibilities.

8. The *safety and health division* is responsible for matters affecting safety, health, welfare, training and education of persons employed in mines and quarries. The mines inspectorate which operates throughout Great Britain is organised in seven divisions, based on the coalfields, and is not part of the regional organisation of the Department.

9. The *economic adviser's division* studies general economic questions relevant to the work of the Ministry and considers, in conjunction with the other divisions, such questions as price structures, investment, and general matters common to the three nationalised industries.

10. The *establishments division* is responsible for staffing matters and common services, and coordination of civil defence and emergency matters, and the *accountant general's division* is responsible for all finance and accounting matters, including price control of coal.

11. The headquarters organisation of the Department is shown in Appendix B.

12. The *regional organisation* of the Department maintains contact with the local organisations of the nationalised industries and carries out the following functions:

- (1) the local administration of the distribution of solid fuel;
- (2) the local administration of retail price control of solid fuel;
- (3) collection of statistics of fuel distribution and consumption;
- (4) enquiries into alleged infringements of the regulations relating to coal distribution, etc.;
- (5) gas testing and gas and electricity meter examination;
- (6) issue of authorisations to prospect for, or work, opencast coal.

13. The *mines inspectorate* is responsible for visiting and inspecting mines and quarries to promote and enforce the uniform observance of Statutes relating to mines and quarries and the Regulations and Orders made thereunder; and to give technical advice where needed.

APPENDIX A
RELATIONS OF MINISTRY OF FUEL AND POWER WITH
NATIONALISED INDUSTRIES

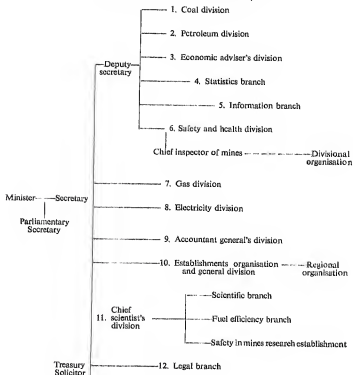
	Coal	Gas	Electricity
(1) General supervision	<p>(1) Power of the Minister to give direction of a general character on matters affecting the national interest.</p> <p>(2) Power of appointment to and dismissal from the National Coal Board.</p> <p>(3) Power to determine form of annual report and accounts.</p>	<p>Power of appointment to and dismissal from the Gas Council and the Gas area boards.</p>	<p>Power of appointment to and dismissal from the British Electricity Authority and the area boards.</p> <p>accounts and to appoint</p>
(2) Capital issues	<p>Direct advances by Minister to N.C.B. for capital purposes up to an aggregate of £150m. during the first 5 years of Coal Industry Nationalisation Act, 1946, and thereafter as Parliament may determine.</p>	<p>Consent of the Minister and approval of the Treasury must be obtained before any capital required is raised by temporary borrowing. Minister prescribes manner in which British Gas Stock is issued, dealt with and redeemed.</p>	<p>As for Gas (British Electricity Stock).</p>
(3) Physical planning control.	<p>Minister gives authority to prospect for or work opencast coal on sites determined after consultation with Ministry of Agriculture, Ministry of Housing and Local Government, local authorities and other interested parties.</p>		<p>Approval of the erection of new generating stations or major extensions to existing stations.</p>
(4) Disposal of product.	<p>Ministry prepares the coal budget which allocates estimated output to export, industry, domestic market, etc.</p>		
(5) Information and statistics.	<p>(1) Minister has power to call for such returns and information as he may think necessary.</p> <p>(2) Census of production returns for coal, gas and electricity industries are collected by the Ministry of Fuel and Power.</p>		
(6) Training and education.	<p>(1) Approval of schemes of training (Coal Mines (Training) General Regulations, 1945.</p> <p>(2) Through the Miners' Welfare Committee educational trusts are endowed.</p>	<p>The Gas Council co-ordinates area board programmes of training and education, and from time to time settles a general programme in consultation with the Minister.</p>	<p>In the exercise of its functions as to training and education the central Authority acts in accordance with a general programme settled from time to time in consultation with the Minister.</p>

	Coal	Gas	Electricity
(7) Research ...	Minister approves lines of research programmes submitted by the industries (see para. 7 of Memorandum).		
(8) Protection of public interests.	<p>(1) Minister fixes retail prices of coal, coke and manufactured fuels.</p> <p>(2) An Industrial Coal Consumers' Council and a Domestic Coal Consumers' Council were set up under the Coal Industry Nationalisation Act with power to consider any matter affecting the sale or supply of coal, coke or manufactured fuel for, respectively, industrial and domestic purposes. Conclusions of the Council are reported to the Minister and their Annual Report must be presented to him and laid before Parliament.</p>	<p>(1) Under the Gas Act, 1948, the Minister prescribes standards of quality and pressure for gas and tests the gas distributed by area boards to ensure that it complies with these standards.</p> <p>(2) Gas meters are tested for accuracy and stamped by the Ministry.</p> <p>(3) Area consultative councils are appointed by the Minister to consider any matter affecting the supply of gas in their area and to notify their conclusions to the area board. They also have the right of approach to the Minister.</p>	<p>(1) Minister has power to prescribe that any supply of electricity is regular and efficient.</p> <p>(2) Overhead lines may not be erected without the consent of the Minister.</p> <p>(3) Electricity meters are tested and stamped by the Ministry.</p> <p>(4) Area consultative councils are appointed by the Minister to consider any matter affecting supply of electricity in their area. The council makes representations to the area board and thereafter, if need be, to the British Electricity Authority and to the Minister (in that order).</p>
(9) Inspection ...	Work of the mines inspectorate.	—	—
(10) Main statutory authorities.	<p>(1) Coal Industry Nationalisation Act, 1946.</p> <p>(2) Various Acts, Orders and Regulations relating to the health and safety of persons employed in mines and quarries.</p>	Gas Act, 1948.	Electricity Act, 1947.

APPENDIX B

MINISTRY OF FUEL AND POWER

ORGANISATION AT 1st NOVEMBER, 1954



Examination of Witness

SIR JOHN MAUD, K.C.B., C.B.E., *Permanent Secretary the Ministry of Fuel and Power,
Called and examined*

1947. *Chairman:* It is very good of you to come along today to help us, Sir John. You know our terms of reference, of course? I was wondering whether you would care to speak and tell us from your own experience if you think there is any help you can give us; and then members may ask you to answer any questions they have. Would that suit you?—*Sir John Maud:* I have read a great deal of the evidence that has been put before you; and what I have asked myself is this—what could I most usefully put before you, in view of the fact that I have had rather a curious experience as a civil servant. If you will forgive me for being personal; I have been a civil servant for the last fifteen years, but before that I was for ten years a don at Oxford. My experience first of all was academic; and then as a civil servant I did not have the experience of being an assistant principal, and I had only a very short experience of being a principal. Most of my experience was as an assistant secretary and then as a deputy secretary, and for the last ten years as the Head of a Department—and I was wondering what, in the light of that experience, would perhaps be most interesting to the Commission.

If I may go back to Oxford for a moment; there I had rather special responsibilities about the undergraduates' future, because I was dean of my college, which meant it was my business to be available if they wanted to consult me; and I was also responsible to the Colonial Office for a period for the young men who had been appointed as cadets for the Colonial Administrative Service; and in trying to remember what the attitude to the Civil Service was then, I would not myself say that the Home Civil Service was unduly attractive to the best men that I knew. On the other hand, some of those best men did undoubtedly go in for it and got in, and have on the whole fulfilled their promise. At the same time, the academic career was then a very attractive one compared with the Civil Service.

1948. That was in the 20's and 30's?—Yes, in the 30's more than in the 20's. I was an undergraduate from 1924 and a don from 1929. Again, if I may be personal, I was in fact about to enter for the competition for the Home Civil Service in 1929, but before I paid my fees I was offered a fellowship at University College, and I remember hesitating not for one moment. I never regretted during the next ten years that I did take that decision; and in fact by the end of the ten years, that is to say

about 1939, I was earning about £2,000 for income tax purposes although my fellowship was nothing like that—I think it was probably about £800. The fact was that as an academic the more one worked the more money one earned. There were all sorts of extras which were part of one's academic life, examining, lecturing, a few B.B.C. engagements and things of that sort, which all added up; and I think it is important, from the point of view of what I have to say later, to note that in the pre-war period the academic life, which was at any rate in one sense comparable with the sort of work which an administrative officer would do, was financially very attractive. Let me say at once it is quite clearly a great deal relatively less attractive, the administrative service now, compared with the academic life, than it was then.

The first Department I served in was the Ministry of Food, from 1939 until 1943; and there I had an opportunity of becoming acquainted at first hand with what I had been lecturing about and trying to study at Oxford, because my subject at Oxford was public administration. I remember how strikingly different the life of the administrative officer seemed to be when one was doing it from what one imagined it before; and I think it might be of special interest to the Commission to know that in the Ministry of Food we had an unusual mixture of people, who were all of them working for the Minister in one capacity or another. We had a great many trade directors, of course, and people from business of considerable distinction in their own walks of life; we had a lot of financial experts, we had a number of ordinary straight civil servants, and we had those who had come out of academic life and other jobs of that sort for the purpose of the war.

What on reflection, and at the time also I think, strikes me is the crucial importance of the administrative officer in that set-up. At that time Lord Woolton was Minister and Sir Henry French permanent secretary. Looking back at it now, I have no doubt that in so far as the Ministry of Food was a success it was because of a collaboration between very different types of people with very different experience; Sir Henry French and his colleagues on the administrative side providing the nerve and the brain of the whole organisation and setting its general tone. In particular I remember the times when the advice of the specialists was rejected by the people who were responsible for giving advice to the Minister in the last analysis. One occasion was the scheme

finally adopted of rationing by means of points, which is fortunately only memory now, and which did in fact, I think, serve a very useful purpose. This scheme whereby we distributed canned goods and various things that came from America was the subject of very great controversy inside the Ministry. The experts, in the sense of people who had experience of distributing food, were, without exception, against it; and it was only finally on the Minister's decision that that expert advice was rejected and something was decided upon which proved a success.

My own view is that the art of administration is an exceedingly difficult one, and it is seen at its clearest where the advice of various experts or specialists is rejected in view of wider considerations including public opinion and political judgment and what you might call commonsense. I think to have the toughness to reject advice from experts, when you think you should, is one of the tests of what I call an administrator in the civil service sense; and in that Ministry of Food experience it was proved over and over again how we needed leadership from someone. Under our organisation it is the administrative type who has to give that leadership, which is a leadership of reconciliation, and a leadership of creating a team out of your various experts—not in any sense setting yourself up as knowing better than them, and certainly not regarding them as people merely on tap to whom you go only when you want something.

Indeed, the success of the blending of science with administration in the Ministry of Food was largely because Sir Jack Drummond, who was chief scientific officer, saw that his special qualifications were accepted by all of us at every point and his advice was fed in at the point where it could affect policy.

When I went to the Ministry of Education, which I did in 1945 and where I spent the next six or seven years, I found that under quite different conditions the same principles proved valid. There we had, as administrators, the responsibility for reconciling the educationist's view, the professional person who was an expert in teaching and education, the architect's professional expertise, because our school building programme was one of the most important parts of the work, and of course the financial experts, and the general political possibilities. This should apply all the way up, not, I think, only at the permanent secretary level. In a good Department you have got to have leadership and reconciliation going on, with the administrative officer taking the trouble to know enough about the other experts and professionals to understand them and appreciate them, and

having the toughness and the judgment to know where he has got in fact either to take a decision or give advice, which is not simply accepting the view of one or other of the specialists.

In the Ministry of Fuel and Power, where I have been for the last two and a half years or so, there again in a different medium I think the same principle applies. There we have got a chief scientist and a chief scientist's division, which I had not had in my own experience before; and we have also Her Majesty's Inspectors of Mines who are drawn from the mining engineering profession; and again I think it is true that it is the administrator who has to take the trouble to become a bit of a scientist and a bit of a mining engineer even if, like myself, quite unqualified in any technical sense, in order that those people may play the fullest part they can in the evolution of policy and the giving of advice to the Minister. But it is all under your responsibility—you have got to decide where you must give the Minister advice, telling him of course, if you disagree with the professional, that he has advised otherwise, but that you think he should do this rather than that. Looking broadly at the functions of Government now it seems to me that not only is the job of the administrator an enormously difficult one, but it is tending to become even more difficult. I have no experience as a civil servant before the war, and I would rather not make any comparisons between the administrative job now and before the war, although I was academically deeply interested in it; but it seems to me that as now, without any question of party politics at all, Government has come to take responsibilities for the economy as a whole and to be intervening at so many points in the lives of individuals and of business, the responsibility of the administrator does become, year by year, more rather than less difficult and more rather than less important; and particularly as this growth in the complexity of Government involves a larger number of specialists in the work of Government, whether as engineers or architects or lawyers or scientists. So I think we require, if the machine as a whole is to keep pace with the demands of the community, in larger measure these special qualities of the administrator; and it seems to me that we are in real danger of finding, in ten or fifteen years' time, that we have been living on our fat.

I have read with special interest what the Civil Service Commission have said about recruitment and what the Treasury have said about it, and I do notice that there seems to be general agreement that there is at least a doubt whether we are recruiting that handful of really first rate people year by year as we ought to.

Let me say at once that I am sure you cannot be certain who is going to be an outstanding administrator at the outset. It does not at all follow that the person who at the university has done best and who may do best in the examination is going to be brilliant in the long run; but I am absolutely certain we must have, I would say, about a dozen first raters out of the 50 people who are taken into the administrative class by recruitment each year. I would like to think that we are going to get about a dozen who are dazblers in this sense, that if they had gone into business or academic work they would have gone very near to the top. There I think that the problem of securing, by pay and general conditions of work, that the career of the administrator is sufficiently attractive is an extremely difficult one because, particularly in my last job, I have had to see a great deal of the business world, and of course in the Ministry of Food I did too; and it seems to me that the attractions of business to the person I have in mind are very great, certainly very much greater than they were when I was a don, and when young men were considering whether they should go into business or whether they should go into the Civil Service. This is because industry, since 1939, has taken much more effective steps to search out the people I am speaking of, regardless of whether they have any capital or business connections. Furthermore, there is no doubt that the kind of conditions under which the top executives work in business today are such that the Civil Service cannot possibly compete with it. I absolutely agree with what was said by Sir Edward Bridges that you cannot do very much about making life easier in the top Civil Service by way of cars, allowances, flats, or anything of that kind.

But I am quite sure that at the moment, not only in the business and commercial world, but in the academic world too, the pay and conditions of service are such that if they want people who are already in the Service, it is at any rate worth their while asking. I do not myself think there is grave danger of many people being lost, certainly once they have reached deputy secretary or permanent secretary level; but it does underline the risk that unless something drastic is done, and in particular unless something drastic is done about the under secretaries' pay, we may find, in ten or fifteen years' time, that we have not got that small handful of really first rate people which I am quite sure the country will need.

3949. What you have said has been extremely interesting, certainly to me, and I am sure to everybody else as well. Do you think there can be a solution in terms of pay to the problem? This competition from other fields in the national life has

been intensified very much indeed, and it is not altogether a matter of pay, is it? The industrial world is depending on the universities very much more, and is going all out to single out the people it wants. —Mr. Chairman, certainly I do not think it is solely pay. It is inconceivable that the Civil Service should offer the actual pay that is quite common in the business world. Again speaking from the experience of someone who has come into the Civil Service from outside, the job of the administrator in the Civil Service is immensely attractive. There is no doubt that it is interesting, varied, responsible and important work; and I personally do not think that what the papers say about bureaucrats really matters very much from this point of view. Everybody inside the machine knows that he is doing something which is testing all his abilities and asking for everything that he has got. That, I think, means that you need not go to anything like what the same person would get if he were a top executive in business. However, I do also think that you must go much higher than we have gone at present. Therefore, although I would not say that merely by raising pay, even if you raised it a lot, you would be certain of getting the small handful that we want, I think you do definitely increase your chances.

3950. Do you think that the people at the university stage, the raw material, are aware of this pay structure and its implications?—I am out of date, because I have not been in touch with them, except through my son's friends, since 1939. Therefore I speak with some hesitation. However, I do think that, as business takes such a great deal of trouble, and it is perfectly right they should, to explain the attractions, the top hat pension attractions and all the other things that are attached to business, the young man who is ambitious and feels he can more or less do any of these jobs with some chance of doing them successfully and getting to the top, is bound to look at what his position is likely to be in the forties and in the fifties; and if he sees £2,600 is the most he is going to get if he is an under secretary—which, of course, means he is a success—I think he is going to take the difference into account quite seriously.

3951. Mr. Menzies: You did indicate that once people got to a certain level the outside attractions would not appeal to them very much, and the Service would probably keep the permanent secretaries. Is there not a new factor now, whereby you can, under the 1949 Superannuation Act, leave in the fifties. Has that occurred to you as a possible source of leakage in future?—I do not feel very worried about it.

3952. There have been cases, have there not, of permanent secretaries leaving the Service in the early fifties and going outside into industry?—I do not myself think that either in the particular cases you have in mind or in general, the fact that you can, after fifty, look up your pension is, or is likely to be, a very important matter.

3953. Despite the fact that there have been cases?—Yes; I would not myself expect to find, even in those particular cases, that that factor operated very seriously.

3954. May I put one other question on the level of salaries? You indicated that salaries would have to be materially increased, but not up to outside levels. Of course, you would agree, would you not, that even doubling the salaries would not be very attractive in view of the incidence of taxation?—I have given very serious thought to that point, and all I would say, from my own experience, is that I would always welcome another £1,000 or so on my salary. It might not make very much difference at the moment, but I always think it makes more difference than in theory we assume it does. It does, for example, definitely make a difference to your pension. The permanent secretary who, at the moment, looks forward to £4,500 lump sum and £2,250 pension is, at that point particularly, in a different position from that which he might have had in industry if he had, not necessarily gone absolutely to the top, but had in the late forties a salary of £7,000 from his firm, of which £2,000 was put by to secure him, say, £10,000 at the age of 65.

3955. *Mr. Willis Jackson:* You began by drawing comparisons between the relative attractions of the universities and the Civil Service in the thirties, and you cited your own case. Would you say that you were representative as an individual in this, in respect of the University of Oxford; and would you say that Oxford is representative of universities in general? I have it in mind that what might be the superior attraction of Oxford for you and a few others would not necessarily indicate the relative attraction of the university system as a whole?—I certainly would not like to say that Oxford was the same as any other university in any respect! I think the point I want to make there is that you must take account of this difference between the academic world and the Civil Service in so far as salary is concerned; that whatever your academic salary is, you can, if you want to, increase it by doing extra work. I think that is true of every university I have ever come across, and of all individuals in Oxford in my time.

3956. What you really want us to deduce from this is that the universities are attracting and retaining a great proportion of people whom you feel should come into the

Civil Service?—I think I really meant to say two things. One is that in deciding what the right salary for the Civil Service is, you must take serious account of the fact that, broadly speaking, you cannot increase it however hard you work, whereas in academic life you can. The second is that an academic career is one which is competing at any rate for some of this handful of people that we need in the Civil Service. If I remember correctly, the Civil Service Commissioner did mention that 10 successful candidates in one year—successful in the civil service examination—preferred an academic job to going into the Civil Service.

3957. *Mr. Cosh:* Would it be true to say, so far as attracting the young man to the Civil Service is concerned, that one of the difficulties that arises when the man looks ahead and tries to plan his career is that, if he gets married at the usual comparatively young age and has children by the time he is say, 30, he is about at his full stretch of expenditure; and that is where industry does help a man to increase his salary rather rapidly in the first five years, whereas the Civil Service tends to hold him back. Do you think there is anything in that point?—My first comment is that I would not from my experience have thought you were at full stretch in the early thirties. I should have thought it was in the late thirties.

3958. *Mr. Hall:* Educational expenses would be an important factor in this, I suppose?—Yes; and secondly, I think the really important point is that the civil service structure is a pyramid. Some people have suggested, Mr. Chairman, that you should really look only at the base payment. But that is an extremely dangerous view if you are interested at all in this point of competition with business; because we all of us know that the business world does not look at it in that way. They buy their young men at the market rate, which is just about the same, I would say, as the Civil Service buy them for the administrative class, but they rely on the standing of the firm to provide the attraction so far as prospects are concerned; and at a later stage they pick out the people they think are winners and they pay them enormously more in the forties and fifties. Quite clearly the Civil Service cannot compete with that; but it makes it exceedingly important not only to look at the base in considering what you should offer to administrative officers, if you are interested in competing with business, but also to look at the top or near the top; and that is why I think £2,600 is an interesting figure.

3959. *Mrs. Wootton:* I think you said yourself that it is difficult to be sure of spotting this nucleus of winners as they leave the university. Do you think that the

business world are able to spot them better?—I really do not know. But business of course is in the much more favourable position of not having to spot them in the way the Civil Service does. A business will invite my son, for instance, into the firm at a certain starting salary; they may promote him in a few years, or they may sack him if they choose to revise their judgment in the succeeding years; whereas in the Civil Service you cannot proceed like that. That is why it is much more important in the Civil Service to spot them in the early years than it is if you are in business. In the Civil Service you must attract them at the point of entry.

3960. What it really seems to me to come down to is the very small number of the very outstanding people. The interesting thing is that you are having a much more rigid selection now than before the war. Before the war, according to the Civil Service Commission estimate, you were taking one in six or one in seven of the applicants. You are now taking less than one in eleven. Can you explain how this dearth co-exists with the fact that you have more to choose from?—I am not prepared to be at all dogmatic about this. I have not got the experience, which some of my colleagues in the Service have, to compare what the young men coming into the Service now look like compared with what they looked like in the 20's and 30's; but I am impressed with the facts, first, that some of my colleagues whose opinion I rate highly do definitely think that we are not getting the handful, at any rate as certainly, as we got the handful in the 20's and 30's, and secondly, that in my experience I do not feel certain that we are getting them now. Even if I were, I would still say that this Commission ought very seriously to consider whether we are going on with it, because there is no doubt about it that in the period immediately after the war, when people had all been involved in public service of one form or another, it was very natural that young men and women were rather attracted by a job which was a public service job, particularly with the need for reconstruction in the 1945 period onwards. But what I am looking at is the period from the early 50's onward; and when I said in 10 or 15 years' time we should have found that we were living on our fat, I really meant that there was the risk that from 1950 onwards we should not be getting the handful.

3961. *Mr. Burman*: Sir John, you said it was essential for the administrator to pick up sufficient technical knowledge to be able to talk the language and to understand the point of view of the scientist. I rather gather you implied from that it was easier for the administrator to pick up some of the technical points he would have to decide rather than for the scientific man to pick

up administration. What I am coming to is this. Is the shortage of high class candidates due to the fact that more of our undergraduates in this technological age are going to the science faculties instead of the arts faculties, from which the Civil Service mainly draws these candidates?—Again, I would really rather not express an opinion on that, because I do not feel I am qualified.

3962. *Mrs. Wootton*: Do you think there is anything at all, Sir John, in the argument that the young man and the young woman of today are never so brilliant as previous generations? I put that quite seriously to you.—I have heard that opinion expressed by certain of my colleagues!

3963. *Mr. Willis Jackson*: Could I follow up Mr. Burman's question in a rather different way? Sir John, you gave, to me, a very interesting and impressive picture of the degree of responsibility carried by the senior Civil Service. You say it calls for certain special qualities; and in illustrating this you cite one or two examples where the senior administrator has found it necessary to override the advice of his experts in making certain successful judgments. I do not know whether you intended us to infer that there are not to be found experts who also possess these special qualities which make them capable of making judgments, involving specialist knowledge, but also taking account of wider issues. I should have thought that industry and commerce illustrate this, in the men who have been, and still are, experts, but are giving judgments in a much wider context. Have you come across any man or woman who has a non-administrative record, but who is found to possess these qualities? Do they not exist, in your experience?—I think one of the conditions of success in administration is that you should get out of your experts any virtue they possess of an administrative kind. Therefore I do not at all rule out the possibility of moving over a professional type or expert to the administration side. I can only say I personally have never yet been able to do it, and I think it will only be quite exceptionally that one can do it, and for this reason. The art of administration is one that does have to be learnt over a period, and I should never for a moment say it was an art which you can teach on any precise schedule or syllabus. Nevertheless, one of the things which teaches it is changing your job. The versatility which is required of the assistant principal from the moment he comes in, and which means he has a period on one job and then goes to another, a process which may continue throughout his career, that is what on the whole the specialist is liable not to have the opportunity of obtaining.

3964. Are you intending to say that what is to be understood by administration and what is in fact administration inside the Civil Service is different in a number of vital respects from what one might describe as the art of management in industry and commerce?—I think I was really meaning to say this, that the chief scientist of a Department or an inspector in another Department may in fact be the sort of person who would make a first rate administrator—and it is very good luck for the Department if he is. But it is only, as it were, occasionally and by accident that it happens to be found there. It is not because he is an expert that he has that virtue; he has it as well as being an expert. The administrative class in the Civil Service is deliberately chosen and bred so as to acquire an increasing degree of this particular ability.

Could I add this, that where I think there is a very close comparability between business and the Civil Service here is that the personal qualities which are the mark of the administrator that I want in the Civil Service do seem to be the personal qualities which business is very anxious to buy, and is prepared to pay very handsomely for. They are personal qualities which include, if I may just mention some of them, toughness, the readiness to say "no", particularly upwards—in the Civil Service to your Minister—and the readiness to say "yes" downwards to your subordinates when they come up with some idea which is a bit risky but which you would like them to have a chance of working out; all this quite apart from the general managerial job which all of us in the administrative class, from the principal upwards, are trying to perform every day, of running a relatively large show and seeing that the people who are running it are happy, are in the right places, that the right people are promoted, and so on. All that, I think, is common both to business and the Civil Service.

3965. *Mr. Menzies*: I have just one question as to the functions of the administrative class. Are the functions, particularly at permanent secretary and deputy secretary level, akin to those of what the Americans call top management, and what we here call general managers?—I should have thought broadly yes.

3966. That was the parallel I wanted to draw. I would like to have it from you whether you would agree with that analysis?—I think I would; but I would not confine it to the deputy secretaries and the permanent secretaries. I would say the assistant secretary running a big organisation, responsible for a section of the work, would also be in that category.

3967. *Mr. Willis Jackson*: I would guess at any rate that quite a lot of the men

who come into this category of top management in industry have been, and still are, experts?—That is perfectly true.

3968. *Mrs. Wootton*: Quite obviously we are out of line at the top, and you have said that we cannot hope to get into line—we might get nearer, but we cannot hope to compete so far as allowances and so forth are concerned. Would you give us some idea as to how far down we are gravely out of line with outside?—May I take it only as applied to the administrative class?

3969. That is what I had in mind.—I should have thought it is at the assistant secretary level that the trouble really begins, and that it is the assistant secretary and the under secretary who really matter. When you come to the deputy secretary and permanent secretary, there are certain delights which are inextricably attached to performing those functions which are, as it were, some compensation for not being paid as much as you might be somewhere else. But I really concentrate on the assistant secretary or under secretary.

3970. I do not know whether I can follow that up in a moment to ask you whether, in your experience at least, you are losing heavily at that level?—In my experience I have just lost an under secretary; and just before I came we lost an assistant secretary. By all accounts, that particular assistant secretary was exactly what I had in mind when I spoke of the dazblers, a dozen of whom I want each year. What I also am very well aware of is the great anxiety which my colleagues in the assistant secretary grade, both in the Ministry of Education and my present Department, have had financially, where they have family commitments and things of that kind, with prospects being what they are; and I have had the greatest difficulty in keeping two other absolutely first rate people precisely for that reason. In one case, fortunately, an under secretaryship did become vacant; he was promoted to it and did not go. I am pretty certain that if another six months had passed the Service would have lost that particular person. I do not want to be misunderstood; it is not merely among the permanent secretaries that you need these qualities; I am quite sure you need these tough men and women with nerve and courage and leadership at every level in the administration.

3971. *Mr. Hall*: Do you think some slight increase in complement between the assistant secretary and the permanent secretary; some slight latitude beyond the extreme policy at the moment of making every senior post fit the job; some latitude to make for elasticity—would that be helpful?—I would like to think about that. It had not occurred to me as a possibility.

3972. *Sir Alexander Gray*: I think at the back of your comments there is an expression of a doubt as to whether we are recruiting people in the right way, and whether we are getting the right people in sufficient numbers. I suppose the method of recruitment for the Civil Service is outside our beat. That might be part of the explanation; but are you not asking for rather much? I think you said you wanted 12 out of 50 as your core of good people. Is 12 not rather too many? Can you reasonably expect 12 of these high flyers every year? It means 120 in 10 years.—I feel absolutely dogmatic about this. Trying to take a broad view and weighing properly the importance of the academic life and of the business and industrial life of the country, I cannot believe that it would be anything but a good investment as far as manpower is concerned if Government did get at least a dozen people each year of the kind that I have in mind, who are by definition, therefore, kept out of the business world or the industrial world or the academic world in which they might have been very successful indeed.

3973. It depends possibly on the standard you draw for your supreme person; but I should have thought you could hardly expect to get 12 people a year of this outstanding kind. May I put it from another angle? Apparently you are getting about 50 a year taken into the Service as a whole. If you are taking in 50 a year you have got to go further down the scale to get your 50; and can you get the same proportion of good people?—With great respect I do not think you need to go down the scale. You will probably go down the scale unless you do something about it; but I do not think any of us would dispute that there are available at least a great many more than 12 people, if you take the whole span of the universities of Great Britain, of the kind I have in mind.

3974. There is one point you touched upon but which I think you might have expanded and which you have to bear in mind when you are talking about what takes place in the Civil Service; and that is this, that these business people do in fact seek people, as you have suggested.—They certainly do!

3975. I think one attraction, if it is an attraction—although it may be to the wrong kind of person—one attraction of the Civil Service is that you are reasonably safe. If a man enters the administrative class he is almost certain to become an assistant secretary; in fact, you rather suggested, to my surprise, that even an under secretary was not quite such a successful person.—I merely meant that under secretary rank was the mark of a really successful administrative officer, although there are deputy secretaries and permanent secretaries above that.

3976. There is no such assurance in industry. Is that not an advantage which would possibly attract the wrong kind of person, but is an advantage compared with business or academic life?—It is no advantage at all from the point of view of the people I am interested in. They are people who, by definition, are going to regard themselves as failures if they only reach the assistant secretary level in the Civil Service, and they are people who have enough self-confidence to believe that if they do go into business they will not be sucked, but, if they want to stay in business, will get something in the band of £7,000 upwards.

3977. *Mr. Burman*: You have talked, Sir John, on the administrative class. Would it be putting it too strongly to say that your view is that, as the whole Service will take its attitude, its efficiency and its general behaviour from the leaders at the top, therefore it is paramount that the people at the top should be of the right type and adequately remunerated? That it is not putting it too strongly?—No.

3978. May I come to some points on your own particular Ministry. It seems a little incongruous that the permanent secretary of the Department should be paid considerably less than the heads of the great nationalised industries on which he advises his Minister. Would you care to comment on that?—I should like to very much. The first vital point is that the nationalised industries are industries and not parts of the Civil Service. It is, in my opinion, quite essential, if they are to be an increasing success, that they should have, both on the boards and as officials, people who are in fact in industry. That means that they should be thought of, in terms of salary, as part of the business world. Not only that, but, as distinct from those in the private sector, those in the nationalised sector are at the moment subject to a certain lack of the prestige that attaches in this country traditionally to the great private enterprise parts of our economy, and they are subject to all sorts of devices conceived for the purpose of making them publicly accountable, as their colleagues in the private sector are not. They are expected to be forward-looking and to have the flair of the business man for a progressive conduct of their nationalised industry, and at the same time they are constantly, as it were, tempted to look over their shoulders, because they are the subject of Parliamentary questions, of reports and of debates in the House and so on. That means that there is a case for saying that they ought to be paid rather better because of those snags than they would be if they were in the private sector; and furthermore, the members of these boards are appointed for periods never longer

than five years. In spite of that they are, in fact, paid I would say—and again I am expressing simply my personal opinion—a great deal less than people in comparable concerns if you judge by turnover, capital investment and so on.

But what Mr. Burman said is perfectly true; the members of these boards are paid on scales which compare extremely favourably with people in the Civil Service. In fact, there is no doubt about it at all, that any of us in the administrative class, if we did comparable work in one of the nationalised industries, would be paid a good deal more than we are at present.

3979. Would you care to draw a moral from that?—I think it merely makes more precise the general point I want to make that if we are to get the people I think we should get for the administrative service, a fairly drastic upward revision of salaries, particularly for under secretaries and assistant secretaries, is needed.

3980. While we are on your nationalised undertakings, and in connection with the point you raised previously about the emoluments in outside industry, cars, entertainment allowance, and so on—there is a difference, is there not, between the chairman and the members of the boards and the Civil Service in that respect?—Yes, there is.

3981. Even going down to area board chairmen and members?—Yes, although, again, I would say that in my experience the members of boards of nationalised industries do not in practice enjoy as much of these extra allowances as their opposite numbers in the private sector.

3982. But more than the Civil Service?—Very much more than the Civil Service.

3983. Do you consider that this should apply to civil servants in the higher ranges?—I think it is absolutely right that the board members of the nationalised industries should have these allowances, and I think it would be quite wrong for civil servants to be given them on the analogy of the nationalised industries, for the fundamental reason that the nationalised industries are industries and we are civil servants; although I quite agree the public accountability of the nationalised industries makes it appear, and in certain respects correctly, that there is a similarity between the two.

3984. *Chairman:* You do not feel that in this field there is anything which can be done to increase those privileges for civil servants?—I do not think there is, and I think the only way you can make up for not being able to do that is in the salary. If I may add this, I have seemed to argue that the salaries should be recon-

sidered simply for the purposes of recruitment. That is not my view. I think for recruitment there is a very strong case for it; but I think it is justified in itself, and I think it is needed in itself, because one of the facts, at any rate of the Civil Service as I know it, is that to be effective you must avoid retiring into any kind of ivory tower. You must welcome, and in fact insist, on civil servants entering the arena and at any rate sharing in imagination the heat and travail of the business world. I am thinking particularly of people who are principals and assistant secretaries; people, like myself have the good fortune to be invited constantly by people in the business world and other worlds outside the Civil Service to meet them in one way or another, but the principal and the assistant secretary on the whole are not, and it is extremely important I think for the breeding up of these artists of administration that they should, from the outset, be seeing people who are not civil servants; and from that point of view I do really think they would be more efficient if they had more money.

3985. Would it be possible, again in respect of expenses, to increase the amount of departmental grants for entertainment purposes, under suitable control from a member of the Department?—I do not think it would. I have thought very hard about this, because I did at one time feel that there was a hope that you could develop along those lines.

3986. *Mr. Cash:* What about cars? After all, the days when a car was regarded as a luxury are rather dead and gone now. It seems to me that cars are something where you could ease the life of the higher civil servant quite a lot without causing any serious public criticism. If we are ever going to do anything of this kind I suppose this body is the only body which could possibly make the suggestion—although whether it is carried out is of course another matter.—I do not think one could go much further than we have gone at present. I think the present arrangements are reasonably helpful to the civil servant and just about as much as public opinion at the moment would stand. But I do entirely agree that it is in the public interest that senior civil servants should have life made as easy in that sense as it can be, and that the public should come to feel that that is right and in the public interest. Perhaps it is unnecessary for me to say so, but I think the pressure under which senior civil servants work—and here again I am not speaking at all only of the permanent secretaries or the deputy secretaries—the pressure under which they work is something which my business friends assure me is not common in business, at

any rate not as common continuously in business as in the Civil Service; and I think therefore that Mr. Cash's general point is a very good one: if the mechanics of life can be eased for the civil servant that would be in the public interest.

3987. *Mr. Thorneycroft*: Did I understand you correctly, Sir John, just now to say that you have not been advocating this drastic upward revision in salary for assistant secretaries and under secretaries merely as an aid to recruitment?—Yes.

3988. We have been discussing this morning the difficulty you are finding in getting your handful of these super-type-men. I was trying to see just why the Civil Service was suffering in this direction. I would feel that the long term salary prospect is an important factor in the question of recruitment, and I was wondering whether you consider that industry generally is getting across to the graduates better than the Civil Service the attractiveness of their concerns compared with the Civil Service. Am I right that there is some deficiency in that direction so far as the Civil Service is concerned?—I would rather welcome a chance of expressing my own view on this. First, I entirely agree that the salary prospects are an exceedingly important part of your recruitment problem. Secondly, I think that business offers a very much more attractive prospect than the Civil Service. Thirdly, I think business is very successful in expounding the attractions of its own career to the people we are talking about. But fourthly, I think the Civil Service is also, as far as I know, perfectly successful in doing what it can to propound the attractions of the Civil Service. I was not meaning to imply that the Civil Service did not put across what it has got to put across attractively to the possible recruit.

3989. So it does come down, does it not, to the point that the long term salaries are the main obstacle to the Civil Service recruiting the right calibre of entrant?—It does.

3990. *Mrs. Wootton*: Sir John, I think all your remarks have really been addressed to the administrative class problem, have they not?—Yes, they have.

3991. I do not know whether you would like to say anything about the scales for the executive, clerical and professional classes, whether you consider the difficulty of competing with alternative occupations is acute at any point in the executive class, or whether you think that the inefficiency which is due to financial anxiety or financial stringency, of which a lot has been said, is also felt at other levels. Have you anything to say on that?—No, I do not think I have got anything except what has been said, apart from this, if it is relevant, that

I do personally think the advances that have been made in the salaries and career prospects of the specialists have been very much in the interests of the Service; and I think the principle of comparability where it is easy to apply, as it is with engineers or architects, should be applied, and it is good that it has been applied in recent years as it has.

3992. *Mr. Willis Jackson*: Comparability with outside?—Yes, comparability with outside. I very much welcome the increases in those salaries. I am not myself unduly concerned about horizontal relativities. But you have got to take account of them; and in fact when you have had revealed, as you have by these various enquiries, that the professional classes have not been paid enough, and you do something about it, it is particularly important that you should also consider whether the administrative class are paid enough. It is much more difficult perhaps to find people precisely comparable with them, but they should also be considered in the same way.

3993. *Chairman*: It follows from your attitude to the nationalised industries that you are not very worried about horizontal relativity?—I would like to make it quite plain that I distinguish very sharply the nationalised industries from the Civil Service, and therefore the question of internal horizontal relativities is I think a different one from the problem of relationship between civil service salaries and nationalised industry salaries. In the Civil Service I do think that the administrative class has got the responsibility of leadership at the moment, and that that has got to be taken account of if you are to have a wholly satisfactory spread of salaries covering both administrative and all other classes.

3994. Have you any contribution to make on the problem of arbitration for higher staff?—I do not feel very competent to talk about that. My own view is that the suggestion which has been put forward that there should be some continuing body of wise men is a very sound one, and I would personally hope that something on these lines would come to be established, because I am quite certain that it is a bad plan to leave it as it would be left if the Royal Commission reported and something was done or not done and then nothing further happened until another Royal Commission was appointed in many years' time.

3995. In view of what you say about the assistant secretaries and the under secretaries, do you think the assistant secretaries would be better in the higher level or subject to the ordinary compulsory arbitration?—I do not mind much.

3996. *Mr. Lloyd Williams*: Sir John, there is also the type of man who is looking not only to earn his living but also to

the other interests, intellectual and cultural, that he may have. Do you find that that weighs? It certainly makes the university career a much more attractive one to that type of man. If you do not provide him with the opportunity, or cut down the opportunity, of pursuing those interests, how are you to compensate him? Money does not compensate him! You cannot compensate him except by providing for greater freedom of time—I think there is no escape from the exacting character of the work that we now ask of our civil servants, and to that extent it is going to be difficult for them to find the time and the energy for pursuits which are quite separate from their work. I do think that it is very important if they are to be first rate civil servants that they should also develop those resources if they have them. I would have thought all one could do about it was to see that they were adequately remunerated and leave it at that.

3997. *Chairman*: Have you any strong views on the leave proposals of the Treasury, Sir John?—No, Mr. Chairman. In my experience we none of us make leave that we could because the work has to be done and it is simply not in practice possible to take it.

3998. *Mr. Cash*: On the question of leave, in industry, and also I think in the university world, more and more attention is being paid to sabbatical leave. I was wondering whether you had any view as to the desirability for your real "top flier" to get away from it all and see something else, possibly in one of the Commonwealth countries or elsewhere, and whether you thought any recommendation from this Commission to that effect would be helpful and might possibly balance up a little the attraction of the Civil Service as compared with an academic career or an interesting job in industry which may take a man all over the world?—I feel very strongly about this. Linking up with the previous question, which I was rather slow to appreciate, I think the question of salaries is obviously a very important one in the Civil Service. My own feeling is that those administrative officers are going to have to put the requirements of the job first and they are going to have to work through weekends if necessary and till 2 o'clock in the morning if necessary—the more so as they get higher in the Service. If that is so, it is extremely important that they should be taken right out of the context in which they are going to be liable to that sort of behaviour and given an experience which will be relevant but is of a quite different kind, possibly, in another country. I have always welcomed very warmly the chance of sending men to a staff college or on a Commonwealth fellowship or Nuffield fellowship. The develop-

ment of that would be very much in the interest of the Service. It does mean you have got to have rather more people.

Mr. Burman: There would be an advantage in having rather more people in the sense that Mr. Hall was discussing earlier on. If you want to get the pick of the bunch for your really top posts you want a bunch to pick from.

3999. *Mr. Hall*: Have you considered anything that can be done beyond the age group of 45, following the same reasoning as for the younger people? Is there any possibility, in the last fifteen years of a man's service, of providing similar kinds of refreshment?—I would certainly not like to dismiss it, but I think we should all agree it does become more difficult higher up and it may be more difficult because of his family connections. Perhaps the late years of being a principal and the early years of an assistant secretary is the ideal period. I have got a principal out in West Africa at the moment. He is on the Volta River scheme, and I was just hearing from his chief out there how valuable it was to have him.

4000. *Sir Alexander Gray*: There is no danger, is there, when it comes to a question of letting somebody go, that you let perhaps not quite the right man go because the right man is so precious to you that you cannot spare him?—I appreciate that, but I think it is the duty of the permanent secretary to put himself out to let the man go; as he should also in the case of secondment to other Departments.

4001. If I may say so, the curse of the Civil Service is that you have got too much work at the top. Is there any possible way to remedy that, because that really is the fundamental point, is it not, which makes the Civil Service latterly unattractive?—I would say that we must go on improving the organisation so that we do not ask more than we should of any member of the Service. That is my first point, and I am quite sure we can go on improving it if we try; but secondly it is true that a first rate administrative officer is not going to be relieved of the wear and tear which is associated with caring desperately about the particular job he has got. It is in times of stress that the qualities I am talking about appear and in such times the lack of those dazzlers is greatly to the disservice of the public and you can get divisions of a Department which really do fall below the right standard if you have people in charge of them who are only blessed with the traditional virtues of integrity, honour and conscientiousness. If you lack the courage and the guts and the nerve required at the moment of stress, the Minister and the public are going to suffer.

4002. *Chairman*: All this has got to be allied with a pretty high standard of intellect.—I entirely agree. I do not want anything I have said to suggest you do not have to have qualities of integrity and so on, and also intellectual abilities of a very high order.

4003. *Sir Alexander Gray*: The trouble, I think, is that you are visualising a certain proportion of these dazblers, but you have got to put up with non-dazblers and to remember that they are there. You have got to make the best use of them that you can.—I do agree that it is important we should not ask for more than we are entitled to or more than public interest allows in this matter. I entirely accept that some of the recruits to the administrative class, whether by direct entry or by promotion, are certainly going to lack the qualities that I have been describing, but if you have the leavening of dazblers you can put up with them, and if you have a first rate assistant secretary he need not have only dazbling principals. I do not myself have any criticism of the method of selection in so far as I have experience of it, and I certainly do not want to be taken

to be complaining of the material the Civil Service Commission has given to me in my Department. I think they are good. I do maintain however that twelve dazblers for the service of the State, now that Parliament and the community require so much of us, is not too many. We have got thirty or forty-odd Departments. If there are going to be twelve dazblers a year, you will only have one in every three years coming to you. All I am asking for as a permanent secretary is that once in three years at least, and if possible once every year, I should have someone who has it in him to be a really good under secretary at least and possibly a deputy secretary or permanent secretary. I should think I have had it so far. That is what makes it so very difficult to assess the degree of the risk. I said it was my duty, having talked to a large number of my colleagues and business friends, to let the Commission know that I am not on the fence in this respect. I think the risk is really serious, though it is only a matter of opinion.

Chairman: We are very grateful to you and I have personally got a good deal of interest out of this discussion. I think everybody else has. Thank you very much.

(The witness withdrew)

(At this stage the proceedings were adjourned for a short time)

Memorandum of evidence submitted by the Staff Side of the Civil Service National Whitley Council on provincial differentiation.

1. Provincial differentiation in the pay of civil servants is an arbitrary, unscientific and thoroughly unsatisfactory system. It fails to fulfil the aims for which it was originally designed and arouses justifiably bitter resentment among those who are the victims of the anomalies it produces. No other feature of civil service pay attracts such violent and persistent criticism. It was conceived in 1920 in relation to a situation completely different in essentials from that which exists today. In 1920 the Civil Service was a relatively small compact body with only a small proportion of its numbers liable to removal. Those who were recognised as mobile staffs enjoyed undifferentiated rates: those not regarded as mobile but who nevertheless were obliged, on occasion, to move their homes for official reasons did so under conditions vastly different from those which confront the transferred officer today.

2. Between 1920 and 1929, when the Royal Commission on the Civil Service under Lord Tomlin began its survey, conditions had changed to such an extent as to compel the Staff Side to submit in their evidence that—

“the anomalies of the present arrangements are so glaring as to involve very great discontent and constant agitation for redress”.

They urged that provincial differentiation should be abolished for the classes common to the Service.

3. The Tomlin Commission reached the conclusion “that the payment of lower rates in the provinces than in London is in accordance with the practice in the country generally and is justified”. (What the Commission did not establish and what has never yet been shown is that differential rates are paid in a nationally recruited service in which there is a widespread liability to removal.) In accordance with their conclusion the Tomlin Commission recommended that a system of provincial differentiation should be

maintained but that the "intermediate" classification should be extended. They also recommended that exemption from differentiation should be continued for mobile classes.

4. Ever since the Tomlin Commission reported the Staff Side have concentrated their efforts on securing mitigation of some of the worst effects of the system by bringing the classification of the larger conurbations outside London into the "intermediate" category. These efforts, though successful in some measure, are no more than palliatives. They have not removed the basic objection to the system which is that it does not reflect the facts as known to and experienced by the individual civil servant. A description of the present system showing its evolution and how it now operates is given in Chapter 3 of the Introductory Factual Memorandum and need not be repeated here.

5. The case against provincial differentiation as seen by a civil servant is twofold—(i) he is in a national service, recruited on a national basis and liable to serve anywhere in Great Britain and Northern Ireland (and in many cases overseas), and (ii) differentiated scales of pay related solely to the place of employment for the time being do not fit the facts and circumstances of his cost of living. The civil servant therefore claims that there should be one national rate for the job.

6. Comparisons with what exists in the salary structure of other vocations and professions are misleading. Teachers and local government officers are not recruited on an all-service basis and are not liable to compulsory removal from one local authority to another. Many teachers and local government officers are recruited locally and stay there for their whole career.

7. Any salary or wage structure which provides for three different rates of pay for similar work in different parts of the country must be justified by the belief that it costs more to live in large towns than in smaller ones and still more to live in London and that such differences in the cost of living as are alleged to exist can be reflected in differential rates of pay in such a way as to ensure that the standard of living of the individual is the same wherever he is employed.

8. The first fallacy about this is that provincial differentiation is related not to where an officer lives but where he works. Thus, an officer living midway between Oldham and Manchester and working in Oldham receives the provincial rate of pay. If he is transferred to a Manchester office he will receive the pay appropriate to intermediate towns.

9. Conversely, if an officer living and working in Manchester is transferred to Oldham, he will suffer a drop in pay from the intermediate to provincial rate. Instances are by no means uncommon of the movement of an office across the boundary between the London rate and the "intermediate" rate. Pay is reduced without any change whatever in the domestic circumstances of the individual or his travel costs between home and office.

10. Again, an officer may be moved so far away that he must move his home. He may have lived in a rent controlled house at the old station, but be compelled by the housing situation to take more expensive accommodation, or to buy a house at the new station. He will consequently be forced to incur higher outgoings than before his transfer. These higher expenses may to a certain extent be met by the payment of an excess rent allowance, but this allowance is not intended to be permanent and is progressively reduced until it finally ceases.

11. The anomalies and absurdities of provincial differentiation as applied to the facts of an officer's own life and experience arouse continual indignation. Rent (or cost of house ownership); educational fees, where incurred; cost of daily travel to and from work; cost of occasional travel to see parents or close relatives when an officer is moved far away—some or all of these may be quite at variance with the presumption of lower living costs in a new station or in any particular station.

12. What of other costs? War time conditions brought rationing and price control. These greatly altered the pre-war assumptions of lower food and clothing prices in some areas than in others. The growth of the multiple stores, the ever widening range of proprietary and branded goods, and the uniformity of prices for many foodstuffs, clothing and household goods also greatly modify pre-war theories.

13. Is the supposed saving on food? There is no evidence so far as the Staff Side are aware that a housewife can shop more cheaply in a smaller town than in a larger one. A good deal of experience suggests rather the contrary. At all events, the Civil Service is entitled to ask upon what evidence the assumption of lower living costs in different localities is based.

14. Is the supposed saving on rent? Rents are controlled at pre-war levels, subject to increases permitted by past and recent legislation. But those who enjoy the advantage of pre-war rents are mostly those who were there before the war and have not moved since. The tenant of a new council house in the country will be paying more than the pre-war rent for similar accommodation in a large town or even in London. The cost of living accommodation today has less to do with where an officer lives than whether he is a pre-war tenant, a municipal tenant (or in other accommodation not rent controlled), or a pre-war or post-war owner occupier.

15. Is it assumed differences in the cost of travel to and from work? Here again there are flaws in the orthodox viewpoint that it costs more to travel to work in the larger towns than in the country. Many civil servants are moved from one office to another "within daily travel distance". This saves domestic disturbance and official expense, even though it may increase an officer's travel costs. New housing estates are mostly on the outskirts of the town; some Government offices to which the public must have access remain in or near the administrative centre of the town or city. Daily travel for the civil servant living on a new housing estate will usually entail a longer journey between home and office. Where Government offices themselves have been moved out of the town centre many of the staff have suffered an aggravation and not an easement of their daily travel. For example, moves of offices in several provincial towns such as Edinburgh, Cardiff, Manchester and Nottingham have resulted in some having to travel into the city centre and then out again to get to an office now further away from where they live. As was mentioned in paragraph 16 of the Staff Side's first submission on hours and leave, there has been extensive building of Government industrial establishments in relatively isolated parts of the country where adequate housing accommodation is not available. Many members of the staff are thus compelled to live long distances from their work and to incur heavy travel costs. This is another illustration of the flaws in the orthodox viewpoint mentioned above.

16. Another constant source of complaint against the present conception of provincial differential is that the lowest rate applies in the so-called "high cost" towns—health and holiday resorts, "conference" towns, and select residential neighbourhoods all of which are in the provinces.

17. The truth is that provincial differentiation accentuates the disabilities arising from other factors which already impose a varied pattern and standard of life on civil servants within the same grade and on the same pay, caused in most cases by official assignments and removals. National recruitment and, in many Departments, national promotion, and the disposition of many thousands of staff in small offices all over the country give rise to continuous movement of a kind which throws into sharp focus the anomalies and injustices of provincial differentiation.

18. Because of the sense of grievance to which provincial differentiation understandably gives rise throughout the Service the Staff Side are under the strongest pressure to seek its abolition. This they now do in the conviction that the system cannot be justified in the Civil Service:—

- (a) because, on a true comparison, no counterpart to civil service employment can be found in which such a system applies; and
- (b) because the facts about relative costs of living as experienced in a largely mobile Service do not substantiate the theory on which the system is based.

19. The Staff Side trust that the Commission will, in the light of their own investigations, reach the same conclusion and recommend accordingly.

Memorandum of evidence submitted by the Staff Side of the Civil Service National Whitley Council on arbitration machinery for higher grades.

This memorandum, referred to in these minutes, has been published in Appendix I to the Minute of Evidence—statement (17).

Examination of Witnesses

MR. DOUGLAS HOUGHTON, M.P., *General Secretary, I.R.S.F.*

MR. S. MAYNE, *General Secretary, I.P.C.S.*

MR. J. M. WOOLF, *Honorary Secretary, F.D.A.*

MR. E. C. REDHEAD, J.P., *General Secretary, S.C.S.*

MR. L. C. WHITE, *General Secretary, C.S.C.A.*

MR. R. A. HAYWARD, *Deputy General Secretary, U.P.W.*

MR. T. R. JONES, *Secretary, Civil Service National Whitley Council (Staff Side)*

on behalf of the Civil Service National Whitley Council

Called and examined

4004. *Chairman:* I believe you are speaking for the Staff Side on provincial differentiation? You are against provincial differentiation. Is it fair to ask how the London staffs feel about this?—*Mr. Houghton:* In my experience there are few topics in civil service affairs upon which there have been so many unanimous resolutions as on provincial differentiation.

4005. Now to take your memorandum *seriatim*, in paragraphs 1 and 3 (i) you refer to the mobility of the staff. Supposing it were established that the cost of living was on the average higher in London and large towns in the country generally, would you still say that provincial differentiation is wrong in principle?—Yes, certainly. We do not think the rate of pay in a national service should take account of local variations of prices or rents or anything else.

4006. You would not even think that it would be suitable for those parts of the Service that are immobile?—No, I think that if the Civil Service wants differential rates it must alter its methods of recruitment and of organisation and grading, because fundamentally, differences in wage rates according to locality spring from the early days of local wage negotiations for workers engaged almost exclusively in a particular area; nowhere was that more noticeable in the early days of both trade and wages agreements than in the textile areas of Lancashire and Yorkshire. We think, however, that the Civil Service, organised, graded and recruited on a national basis, must be distinguished from vocations where local conditions reflect themselves in local wage rates and presumably in other local things too, for example, local profits.

4007. *Mr. Burnam:* There is no question here, Mr. Houghton, of the present method of differentiation being irrational? Your point is not that there could be a more rational form to allow for differences in travelling expenses and so on, but that the whole thing is wrong in principle?—That is so. The moment we begin to allow these factors to affect wage rates, then we get into the realms of complex mathematical formulae: the result is an affront

to the whole basis of remuneration which we conceive to be the rate for the job. In the Civil Service the rate for the job should be one right throughout the country as it is in the mining industry.

4008. *Mr. Cash:* I suppose that any feeling that a civil servant was being penalised could be got over by fixing the rate at such a standard that he could not then suffer, if in fact he alleged, at any rate, that he was being moved to an area where his cost of living and travelling expenses were higher than the place from which he was going.—But even now, under our system of provincial differentiation, the civil servant can complain that his standard of life or his level of expenditure is affected by a particular move, and in our document we have illustrated some of the many absurdities that can arise in connection with the operation of differentials at the present time. It is not necessarily a common experience that on movement from one place to another expenditure rises or falls initially or thereafter. It depends whether you are going out of a rent controlled house into a nonrent controlled house. There is so much luck about it in the present instance, and even being an owner occupier, which up to now has been regarded as perhaps one of the best jumping off places for a move, is becoming less attractive as the prices of houses are falling.

4009. You would hope that any complaint on cost of living would be *ipso facto* ruled out?—Yes, on the same grounds that we rule out similar difficulties in any application of the principle of equal pay. We have had discussions *ad nauseam* on domestic personal expenditure in relation to differentials in pay. We say the rate for the job should be fixed by reference to all the factors which the Commission or the Staff Side would consider the proper principles. For the rest, whether a man has a wife or whether he has one or six children, or is moved from here or there, has nothing to do with it.

4010. You would anticipate in these circumstances that there would be no difficulty in moving people from one part to another? What has been said to us is that at present there is a good deal of friction over

this question of moving staff from, say, London to the provinces or in the reverse direction.—May I point out that originally when provincial differentiation was first imposed on the Civil Service, those classes exempt from it were the mobile classes, those liable to removal. In my capacity as secretary to the Inland Revenue Staff Federation, I probably represent the biggest mobile class in the Civil Service, and it was in fact exemption from differentials that was regarded for at least twenty years as the answer to the liabilities of removal of the mobile class. So it was in fact a standard rate for the job that we did have in the area where there was the greatest liability to move.

4011. *Chairman*: It has been said, Mr. Houghton, that the immediate response to doing away with provincial differentiation would be a demand for a London allowance.—I can only say it would not come from us if we could do anything to stop it. Our view is that the abolition of provincial differentiation means what it says, that is, one common rate of pay throughout the whole of the Service in London and elsewhere.

4012. You would expect the official policy of the Staff Side would be to carry on with that, and you would not think that they are likely to have irresistible pressure brought to bear to ask for a London allowance?—I do not want to argue on that, but London people would not be getting any less than they were getting before.

4013. *Mr. Thorneycroft*: You would find it inconceivable, Mr. Houghton, that, at any rate until there was some quite violent change in circumstances which impelled you to review this matter, you would come forward with such a claim?—Our policy is that, with the elimination of provincial differentiation, we should not then claim a London allowance. Sir Thomas Padmore rather suggested the claim would be made the day after, and if it were it would be irresistible. Well, it would not be the day after, irresistible or resistible. We do stand by our principles. I can also say that when equal pay is introduced, we do not intend to come forward with a pay claim for men.

4014. *Chairman*: In paragraph 6 you refer to various outside occupations. There are occupations, of course, where recruitment is done on a national basis and provincial differentiation applies, for instance, the railways, universities and the banks.—We are singularly lacking in information about provincial differentiation in other vocations.—*Mr. Jones*: I should have thought there was nothing remotely approaching the mobility in those services that there is in ours.

4015. Is mobility your chief plank?—*Mr. Houghton*: No, the principle of the thing. We cannot see any reason for differentiation in the rates of pay of people in a common service and we do not accept variations of pay by reference to assumed or presumed local conditions.

4016. *Mr. Lloyd Williams*: I am looking at paragraph 8 in your statement. In your statement you use the term "fallacy". You also used the term this afternoon "absurdity". One circumstance which you describe as a fallacy is that provincial differentiation is based on where a man works, not where he lives. In the Civil Service where a man works is the State's business. Where he lives is his own business. What do you say to that?—Yes, but the State presumes to make it its business to decide what rate of pay a man should have by reference to where he works even though where he lives may entitle him to a different rate of pay. I do not see how the State can say, "Well, where you work is our concern; where you live is not our concern; and therefore it is on where you work that we shall submit you to provincial differentiation, even though you may be compelled to live almost an hour away from your work, or buy a house at a high figure or rent a flat at a rent which is not controlled".

4017. *Mr. Hall*: There is no requirement, as there is in the case of some universities, that a man must live near the place of work?—No, under housing conditions as they have been for many years, no such condition could be reasonably imposed. There used to be in the Inland Revenue many years ago a requirement that both Inspectors of Taxes and their staffs should live within a certain radius of their office, but that had to be abolished in the first housing shortage after the first world war.—*Mr. Mayne*: It would be quite impracticable, of course, in relation to say Royal Ordnance factories that may deliberately be put in inaccessible places.

4018. *Mr. Lloyd Williams*: Assuming you have not destroyed the case for provincial differentiation, would you say it should be based on where a man lives rather than where he works?—*Mr. Houghton*: I am afraid I cannot assume anything of that kind; we cannot point to alternatives to the present system which would be any more acceptable to us, because just as many absurdities would arise if provincial differentiation were based on where a man lives. Of course, if one had two differentials instead of three, then the marginal difficulties are correspondingly reduced, but far be it from me to put forward any ideas of that sort.

4019. *Mr. Cash*: What do you say about assistance to those members of the Civil Service who are asked to move? There is

assistance given already, I gather, with regard to costs of actual removal and so on. Having got rid of provincial differentiation, would you consider that that form of assistance would be adequate?—We have an elaborate code of removal expenses and allowances now which do go a very long way towards easing the hardships and inconveniences of removal. It is not, of course, completely satisfactory from a staff point of view, but one has to strike what is a reasonable enlightened judgment by way of compensation in these cases. We should certainly wish to see continued all the easements on compulsory removal, as indeed we did have in our mobile service when we had no provincial differentiation. We should expect those to be continued and adjusted as circumstances needed.

4020. But do you see anything seriously wrong with them at present? Would you say that provincial differentiation, whatever its evils may be, to some extent might alleviate the cost and disturbance of removal. For example, if a man were coming up from the provinces to London and there were no longer any provincial differentiation, would you consider it desirable that assistance should be given additional to what is given today?—I do not think that the abolition of provincial differentiation makes any real difference to the code of removal expenses, and may I stress that in the Inland Revenue service we had no provincial differentiation at all above the clerical assistant and temporary clerk level until 1951. When, in 1951, the Treasury insisted on beginning the introduction of provincial differentiation, the agreement reached was that all those serving in any capacity whatever in the Inland Revenue before the appointed day in April, 1951, were forever exempt from provincial differentiation, so we have remarkably little provincial differentiation in the taxes service at the present time. All my experience and the background to all my answers springs from close association with a non-differentiated service, and that is why I am able to tell Mr. Cash that our approach to removal and similar expenses has not altered with the introduction of provincial differentiation and we share with the rest of the Service precisely the same removal expenses regulations.

4021. *Mr. Thorneycroft*: I suppose, Mr. Houghton, the question of removal expenses and similar matters are eligible for discussion by you in the normal process of negotiation and, if necessary, of arbitration?—They are not subject to arbitration. They are excluded from the arbitration agreement, but after all there is plenty of evidence available on which adjustments can be made.

4022. *Sir George Mowbray*: Mr. Houghton, there is one thing I am not very

clear on. There is at the present time the Ministry of Labour household budget enquiry. We are expecting the results to be published in the next twelve months. Supposing they do establish—as I believe was the case in the 1937-38 enquiry—that London budgetary expenditure is bigger than in the provinces. Would that modify Staff Side policy?—No. I notice that the Ministry of Labour document says that this current enquiry is likely to produce a great deal of information which will be useful in any consideration of provincial differentiation, but whatever the result of that enquiry we are still of the same opinion because the fact of serving in London or elsewhere does not of itself determine domestic expenditure. There may be people in London who are perfectly happy to remain in London on the London rate of pay, but as soon as they are transferred out of London they find their domestic expenditure is going to be changed for the worse. If there is provincial differentiation they will grumble bitterly. If a London man really wants a taste of provincial life there is nothing to prevent him from going to work there in our Service.

4023. On this question of budgets, you do know, do you not, that in the pre-war 1937-38 enquiry, it was established that London rents were 37 per cent. higher than the rest of the country. You do not think that is a relevant consideration?—No, because just as it can be argued that a civil servant can decide where he lives, so it can be argued that he can choose his mode of life and adjust himself to his scale of pay and remuneration. That applies not only in London but elsewhere and our anxiety is to see a rate of pay fixed by reference to the agreed place of the civil servant in the community; the rest is his own business.

4024. *Chairman*: So you would say, if there were no provincial differentiation and a member of the Civil Service was transferred from a rural village to London, he would have no right to grumble at that fact?—He would have no right to grumble on the ground that the pay in London was no higher than the pay in his rural area. In fact, that is precisely the situation that we have been dealing with in the Inland Revenue service for the 30 years I have been there, and never has the complaint arisen that a transfer to London is unwelcome because the pay in London is no higher than it is in the rural area. The complaint has been on other grounds; either the man does not like the idea of London or he has a wife and family he does not want to bring to London.

4025. You do not want to make any comments on the details of the present

scheme—the fact that at present provincial differentiation is distorted by the operation of regular overtime in an e.d.a.—We are not concerned with that. We have, in negotiation and agreement with the Official Side, done as much as seemed feasible in the circumstances to modify some of the worst cases of provincial differentiation. Our next move is total riddance.

4026. Are there any points made by the Treasury or other witnesses on which you would like to comment?—The Treasury evidence, it seems to me, conceives that it is right on merits and in accordance with general outside practice that the lower rates should be paid outside London. They also consider the present arrangements are sound in providing a three tier system. Well, that is the Treasury opinion. We should like to see the substantial evidence upon which it is based. It just is not available. The three tier system is surely based on certain assumptions. As we say in our document, one assumption is that the larger the place you live in the more expensive it will be—who says so? What is the evidence in support of it? Where are the figures? Do Woolworths charge more in Birmingham than in Nottingham, and more still in London? I do not know. What about the Meadow Dairy, Lipton's, International Stores, Marks & Spencers, and Freeman, Hardy & Willis? Are their commodities of different prices in different places?

4027. *Mr. Cash:* Mr. Houghton, may I put another point to you altogether? As far as the present situation is concerned in commerce, you must know of many firms which deliberately put their work outside London because they can get it done more cheaply? May it not be desirable to be decentralised from London?—A good deal has already been done in the Service.

4028. Why?—The reason for decentralisation to Newcastle was to provide employment for a large number of people in a light industry who might otherwise have difficulty in finding jobs in an area occupied so fully with heavy industry.

4029. Is that the same kind of reason why the Treasury does its copy typing at Brighton?—The reason why the Treasury does its copy typing at Brighton is that it can recruit typists more easily in Brighton than it can in London. The reason for that is that London is so increasing its demands for additional labour that it is not able to supply its own labour force. Indeed, the population of Essex has gone up 70,000 in the last few years and the population of Lancashire has decreased by 72,000. London is a sponge. It is mopping up anything that will come to it. Some find they live better in Brighton than

in London and if you offered double the rate of pay in London they would not come.

4030. *Chairman:* I think we have probably carried this as far as we can now. It seems quite clear that your contention is that your people are unanimously in favour of the complete abolition of provincial differentiation. You do not care to argue about the small points of the present system and so confuse the issue?—No, if I may say so, and for the same reason that we would not discuss refinements of equality of pay between men and women. You either adopt the principle or you do not.

4031. Perhaps we can pass to arbitration for higher staff. You will have seen the evidence given by Sir Edward Bridges and the Heads of Departments on this topic and it is obvious that the difference between the two parties is considerably narrowed.—*Mr. Mayne:* Yes.

4032. It would probably be most convenient this afternoon to focus attention on what seems the outstanding points of difference. You might have something general you wish to say first.—If it would suit the convenience of the Commission I would be quite happy to make comments on the four points Sir Edward Bridges made. First of all he said that there should be a standing body of advisers, secondly that the appointment of that body should be an appointment by the Chancellor and not by agreement between the parties, thirdly that it should be a body which would be convened by one side and not by both, and fourthly he made some comments about the line of demarcation between one kind of arbitration and another.

So far as the first point is concerned, we are very pleased indeed to read his statement. He has in fact made a proposal which is for all practical purposes identical with our own and we are entirely happy about that. The second point, the appointment of the standing body by decision rather than by agreement, we think is a mistake, a rather bad way in which to start. It seems to us that the essence of any arbitration of any kind must be that the arbitrating body is itself of a kind and composition which is entirely acceptable to both sides. I find it difficult to think of anything worse than a body which is supposed to give a dispassionate judgment being criticised after it has given its judgment. I should have thought the fairly normal, as well as the fairly natural, process of agreeing beforehand that X, Y and Z are the three wise men in whom there is confidence on both sides would be the best way. We are sorry Sir Edward Bridges suggests that limitation and cannot accept it.

The third point is who can call upon its services. Again, we cannot agree and again we are rather surprised at Sir Edward Bridges taking the line that he has because it seems to us so unreasonable to stop access; and we should have thought too that the experience of the last few years would have been the thing which would have demonstrated this because it is just precisely this situation which has led to the request the Staff Side has put to the Royal Commission for arbitration arrangements. Under the amendment of the Arbitration Agreement which we had before the war there was no reason at all why arbitration should not be afforded above the present level. In fact, for practical purposes it is refused and the Staff Side have felt aggrieved by the policy as well as by the actual cases that have been denied.

I wonder if in relation to that I could ask the Commission just to look at what Sir Edward Bridges said in answer to question 3190. You will find that, Sir, on page 970, where at the end of his statement he says:—

"But my own feeling is that the main objection to the present practice is that, in the whole of this sphere, there is no means of disputing a Treasury decision, if it is considered to have been wrong".

It seems to me he has stated the whole of our case for us in that point. Unless you can convene from our side, this position remains just as it does today, theoretical arrangements for voluntary arbitration above the bar where in practice these arrangements are refused to you. Then, if you turn back to the bottom of the first column on the preceding page 969, Sir Edward Bridges, in posing objections to there being a convening of this body by a staff association said:—

"... there would be certain disadvantages if cases were taken to it too frequently or frivolously".

But the whole point is, who is to judge this? We are dealing with the top end of the Civil Service and I should have thought one could expect reasonable behaviour. I am not quite sure whether one is to assume from what Sir Edward Bridges says that the sole reason which has led the Treasury to refuse the applications made to them so far is that they are either frivolous or too frequent, but it seems to us that this gets you nowhere, to make an objection of that kind when there is only one party who will judge it. Even if one works on the assumption that the staff associations are light minded—which I should regret as an assumption—the correction would be in the proceedings in the body itself I should have thought, because I can think of nothing more damaging to one's case than to create

the impression before the three, four or five pundits who are sitting there that you are treating them as a bit of a rag bag and just rushing along because you have nothing to do that afternoon. I think the point made by Sir Edward Bridges is really not a reasonable criticism of the requests which we made and I think, too, that the Treasury are quite underestimating the very serious resentment they have already created in the Civil Service at the top end by the refusal of any kind of arbitration.

For example, I had yesterday afternoon in my office a group of Royal Ordnance factory superintendents, where there has been a dispute going on for a very long time in the Ministry of Supply about the levels of their pay, and there is a complete refusal to provide any kind of third party review. It seems to me to be wrong from almost any point of view one likes to think of that a body of people like that should be allowed to go on in the Civil Service with a feeling of just sheer bad treatment. It is such a wasteful business.

On the last point, where one draws the line, quite frankly we have looked at this since we read Sir Edward Bridges' evidence and we do not think you can so to speak pontificate on it. We are bound to say that it is very difficult to argue the case for the administrative principal before the Arbitration Tribunal if the career grade of that particular class is ruled out of that decision, as indeed it was in the First Division Association case when they were before the Tribunal approximately a year ago; but having said that, we rather feel that on almost any figure or grading one fixed it would be perfectly easy to make an admirable argument for or against it, and at the end of the day somebody has to say this is the line, and it will be a bit illogical in its application to some people.

4033. Would you agree with Sir Edward Bridges that provided an adequate procedure is devised you would not lay too much stress as to the exact level?—We would agree entirely with that, provided there is reasonable access.—*Mr. Woolf*: I would like to add, Sir, that in the First Division Association among the assistant secretaries there has been a very strong feeling that they ought to have some kind of real arbitration. It is possible that the proposal which is made would give them very much what they want, but on the whole we take the view that as they are the career grade and there are quite a large number of them, nearly 700, they should go with the principals rather than the people above. We have looked at the Treasury's arguments against this and we certainly do not disagree that the assistant secretary is a managerial grade—far from it—but in the Civil Service management is very widespread and the

number of those 700 assistant secretaries who in fact deal with salaries or conditions of service of civil servants is so small that we really think the management argument does not come into it.

4034. You read the answer to question 3188, Sir Edward Bridges' argument? He argued quite strongly that this was an important stage in a man's career, at which access to Ministers began.—Yes, Sir, and we certainly do not dissent about the access to Ministers, but the number of people dealing with salaries and conditions of civil servants and seeing their Ministers about that particular subject is so very small. I do not suppose there are more than 3 or 4 of them out of the whole field of assistant secretaries, and to say that the others should be debarred from arbitration because it is embarrassing for 3 or 4 people seems to us to be taking it a bit too far.

4035. I had not realised this was argued on the salary question. Are you not going back to an earlier stage in the discussion when it was suggested it would be embarrassing for people concerned with salaries to go to arbitration?—I realise that, but we do not understand why, if they have no connection with salaries or conditions or anything relating to the civil servant as such, the fact that they are a management grade should debar them from having arbitration particularly as, almost invariably in our view, they would be linked with principals rather than dealt with in isolation.

4036. *Mr. Burman*: We have all along this afternoon talked about an arbitration body. Is there anything to be said—because arbitration presupposes organised bodies on both sides—for the top grades to have an advisory body which can be self-activated, a body looking in from the outside rather than an arbitration on the same style as the ones we already have?—*Mr. Mayne*: Sir Edward Bridges' proposal of course is not for a body of the same style as we have for arbitration. It is for a quite separate and distinct kind of body, as indeed had been our own proposal, because I think there are obvious objections about which we are all agreed. As to whether the body should be self-activating or not, we frankly have no very clear idea about this. We have discussed it and can see certain advantages and disadvantages. On the whole we have thought that provided you have got access by the major parties concerned, it will probably not be necessary but I do not think that given any body of this kind we should want to rule out their taking the initiative if they so incline, but we are really inclined to the view that it would be unlikely to arise that way in practice.

4037. *Lady Albemarle*: Am I right in thinking that when the members of the

Civil Service Arbitration Tribunal are appointed, the Staff Side are consulted informally and there is no formal consultation?—There is quite a formal consultation. The Chairman of the Tribunal is in a different position from the panels. All are appointed by the Minister of Labour and of course the Minister is not compelled to appoint, so far as the panels are concerned, all of the persons nominated by either the Official Side or the Staff Side of the National Whitley Council. It is within my recollection that one Staff Side nominee was refused, but I think I would be right in saying that it would be unthinkable of the Minister of Labour to appoint someone to one of the panels who had not been nominated.

4038. *Sir George Mowbray*: Does that include the Chairman?—No, on the Chairman there is informal consultation, but the Chairman is the sole responsibility of the Minister.

4039. Do you find a decisive difference between informal consultation and formal consultation—I am thinking about the arbitrating body?—There is of course a sharp distinction there because in the last resort the Minister makes up his own mind. Where you are dealing with the Chairman of the body, that I think is one thing. Where you are dealing with a body such as is here proposed, and if the reference were to the whole of that body, I should not have thought it would be other than very regrettable, as in practice it was with the Howitt Committee for example, where there was consultation. I will not say that no notice was taken of what was said, but it did not appear in the Report.

4040. *Chairman*: There was informal consultation in the case of the Howitt people?—There was some consultation about some people. The advice tendered by the B.M.A. and the Institution was rejected and the Chancellor proceeded on his own, as I say with quite unfortunate results; so that I would think it would be not enough, if one is talking about the whole body, that there should be merely informal consultation.

4041. On this question of machinery, Mr. Mayne, do you feel there is any advantage in the Treasury dealing with it or the Ministry of Labour, or jointly?—I do not think it really matters. It is very difficult to distinguish between Ministers in things of this kind.

4042. Whoever appoints will also officer the body?—Yes, indeed. Our own suggestion was the Treasury because we think that the Chancellor has perhaps got a special responsibility here and therefore that it is more apt in that way, but we have no strong feelings on it.

4043. *Mr. Cash*: I would just like to get this quite clear, *Mr. Chairman*. When you have got this body, supposing we recommend it, what about their decisions? Would they be binding?—Technically, Sir, the findings of the present Arbitration Tribunal are subject to being upset by Parliament and nobody has been seriously worried on this liability. Whatever might be the constitutional position about this, I do not think any of us would be perturbed about the way it would work out.

4044. The constitutional position would be probably a recommendation to the Chancellor saying they have found so and so and the Chancellor, from a constitutional point of view, is not bound to say he will act upon it, but morally in 99 cases out of 100, he would?—That is so, we would not be hothered.

4045. *Mr. Thorneycroft*: I am sure you will have read, *Mr. Mayne*, that in connection with this new committee which is proposed, Sir Edward Bridges said that on the whole he thought he was against having any open obligations upon Ministers to consult the Staff Side, and he added this:

"That does not mean they might not be consulted privately."

I gather from what you said just now that you do not agree, that you feel the Staff Side in a matter of this kind ought to be recognised sufficiently to be in a position to have a definite say about the composition of this body. Do you go so far as to wish to make nominations?—I would think so, Sir, and really this is not a matter of the *amour propre* of the Staff Side; it is a matter of being sure, when you get the advice of this body, that it is going to be automatically acceptable. We just cannot forget what happened on the Howitt Committee where informal consultation took place. The advice was tendered and rejected, and appointments were made which were not satisfactory in any way. The Committee did not command confidence and the result, I think, was extremely bad. I do not think one can afford that in respect of an arrangement of that kind for the whole of the top of the Civil Service. Such a body must command respect or it will do more harm than it will do good.

4046. And you feel it would be a great pity if the Treasury are prepared to go so far as to recognise the principles you are enunciating but stop short of allowing the Staff Side, or the other parties, to have a say in the personnel. As I understand your mind, it is if we are going to have this principle recognised, let us have it recognised wholly so that neither side can feel there is any ground for reproach of the

other because the composition of the committee was not what it might have been?—That is so, Sir, entirely.

4047. *Mr. Menzies*: Putting a different point of view, *Mr. Mayne*, just to have it on the record, we are talking about the topmost people in the Service, are we not?—Yes, Sir.

4048. And their remuneration can be a matter of public controversy, so that the more neutral in the public eye this body is, the more authority it will command and the more readily can the Cabinet endorse what they recommend. From that point of view, might it not be an advantage to the Civil Service to consult informally or privately?—I am not quite sure we are using the phrase "informal consultation" here in the same sense. We do not want formal consultation merely for the fun of sending a formal letter which would be accepted as such; we want to be sure that appointments are not made which are not acceptable to the two sides. There again, how it is done we are not worried about, but we are very much worried that what is done should be clearly acceptable and that nobody is going to say afterwards, "Well, we had nothing to do with this and we do not like the members anyway."

4049. *Mr. Hall*: Would it go far enough if you had the right to express a strong "no" in suitable cases?—Not really. It is not good enough at this level just to be able to say, "Well, we made our suggestions and then the Minister told us to go away; he was not going to listen to them."

4050. You are still adhering then to the right to make suggestions?—Suggestions may come from either side; we are not worried about that angle, but that the 3, 4 or 5 people who are selected should be acceptable to the two sides. Patently they will be acceptable to the Minister appointing, or he would not appoint them. But I should have thought, one way or another, it ought to be established that they are acceptable to the Staff Side or you are destroying the functions of the committee.

4051. *Mr. Cox*: You would not have them as X, Y, Z with X appointed by one, Z appointed by the other and a chairman in the middle?—If you do it that way you are then repeating the shape of the present Arbitration Tribunal and I had thought it was a matter of fairly general agreement that was not the way to do that sort of thing.

4052. *Mr. Lloyd Williams*: The present Civil Service Arbitration Tribunal is an Arbitration Tribunal making awards and there it is desirable that the members of that Tribunal should have the confidence of the two sides. But what is proposed for the higher rungs is not arbitration; in

fact we have heard from some higher officers that they are repelled by the idea of applying arbitration to their claims. This is to be an advisory body, a standing advisory body. Is it so necessary that you should have a say in the nomination of its members?—True, this is an advisory body. What is proposed is not arbitration in the sense in which that is ordinarily understood under the Minister of Labour's jurisdiction, but none the less these people are tendering advice which will be a matter of concern to staff associations and those persons whom they represent. That advice, to be satisfactory in its application to the Civil Service, must be as acceptable to the officers of the Service as it is acceptable to the Minister who receives it and the only way you can be sure of that is if the people concerned, through their representatives, have assented to the individuals who are to consider the matter and give the advice.

4053. But you have not assented to our being, to our membership of this Commission?—That puts me in a very difficult position!

4054. Would not such a committee as is contemplated be of the same character, its job being to review and hush up the salaries periodically on its own initiative?—Not necessarily, I would submit. I think there is a sharp distinction to be drawn between a Royal Commission and its functions, and a body of this kind. The Royal Commission is dealing with much more fundamental issues of civil service practice. The committee is dealing with small matters, though no less important to the individuals concerned. But again I must say that our experience with the Howitt Committee is such that we just do not want to repeat that experience. We have to remember also—a point on which Mr. Woolf can speak with more authority than I—when the Chorley Committee sat; we had no say in the appointment of the Chorley Committee—it raised no difficulties none the less—but when the Report was presented difficulties arose about the application. The Chorley Committee, as you remember, determined the maximum of the assistant secretary grade and said nothing about the rest of the scale. The Treasury's inclination was to impose their own will about that and it was only after considerable pressure that it was agreed that the available members of the Chorley Committee should be called together to deal with it. Then at a second stage, there was difficulty about the translation of what happened in the administrative Civil Service into what was to happen in the professional Civil Service. There were certain proposals by the Treasury about the way in which that should be done which were not acceptable to the Staff side. Eventually

Sir Alexander Gray was agreed upon between the parties as the arbitrator in this matter. We regret to say Sir Alexander Gray did not see all the merits in our case which we could see but none the less we did concur in his appointment and I did not hear any word of criticism of his recommendations.

4055. *Chairman*: Was that formal consultation or informal?—I really cannot remember, Mr. Chairman. So long as there is not going to be procedure without agreement I do not think any of us would bother about whether the precise machinery, is formal or informal, but a general impression of the distinction as drawn by Sir Edward Bridges is that in the one case the Minister makes up his mind independently and in the other case you proceed by agreement.

4056. But there is a good gap between what Sir Edward Bridges wanted and formal consultation?—Yes, indeed.—*Mr. Woolf*: I would think, Sir, it would probably meet our views if we had the right, as it were, to assent to the members rather than propose them.

4057. *Mr. Hall*: Do you want the right to say no?—That is the negative of it, yes.—*Mr. Redhead*: We want something which gives us the assurance on both sides that those who are approved do carry confidence in respect of these matters.

4058. *Mr. Lloyd Williams*: We have to have regard to the public as well and that these recommendations should be acceptable to them. If the body is constituted by agreement between the Treasury and the staff, the public might say that they both have an interest in the body's awards to the detriment of the public.—*Mr. Mayne*: The Minister has a responsibility to the public and would be very mindful surely of that.

4059. If he was independent in his powers of appointment of this committee it would be much more acceptable to the public, would it not?—*Mr. Redhead*: I do not think we should suggest that anybody who appealed to us should necessarily be compulsory upon the Minister.—*Mr. Mayne*: I am sure that in a matter of this kind the Minister would take his direct personal responsibilities very seriously.

4060. Would you not have what Sir Edward Bridges called a friendly consultation?—Provided "friendly" is defined in the way we define it, the answer is yes. If it is defined in relation to the practice on the Howitt Committee, the answer is no.

4061. *Chairman*: I should think we have gone as far as we can on that. Would anyone like to make any further contribution to the discussion?

4062. *Lady Albemarle*: I should like to ask a question about fixing the limit in relation to salary point rather than to grade.—I think it would have to be a salary point which I should have thought would be most conveniently fixed in relation to the maximum of a salary scale so that, as things change, there is an automatic adjustment.

4063. You feel it should be by salary and not by grade?—It is very difficult to do it by grade.

4064. The sliding salary scale would really mean in effect grade?—Yes, I think it would come to the same thing in practice. Let us, for example, assume you accepted the suggestion we made and fixed the maximum of the assistant secretary grade as the dividing point. There would have to be a little give and take about that in practice because all the scales do not line up, but there would be no practical difficulty—that would determine the issue. You take the assistant secretary grade as giving you a picture of the sort of level at which you draw this line, and then the particular level would have to wobble a bit with the other grades because the scales do not line up exactly. There would be no difficulty in practice, but we think you should relate to something specific which will change as times themselves change.—*Mr. Woolf*: I would like to add just one thing about how this committee would operate. We in the FCA are particularly anxious that this should not be arbitration. What we want is a body which is charged with looking at the general position of the higher grades within its scope, and being so charged, we think it should have the duty of looking for certain evidence,

such as Inland Revenue material, which is frequently not available to associations and which we think perhaps ought not to be available to associations. Therefore we think it is really important that there should be no suggestion that the association goes along, makes its case, and the Treasury give an answer and the committee adjudicate ultimately on the evidence before them. We think they should look for their own evidence and ultimately advise the Government on what they have discovered. We want to be quite sure it really is not arbitration; the Treasury and ourselves, I think, are of the same mind.

4065. *Mr. Cash*: It alarms me to hear you say you expect that body to take evidence from the Inland Revenue. The information from Inland Revenue, apart altogether from the question of being confidential, would not give you what you want. I think I can guess pretty well the kind of information you want to get but I do not think the Inland Revenue could give you that, even if it was desirable.—I was giving the Inland Revenue as an example. There was a case in the past where they had information and it was used.

4066. *Chairman*: Thank you. I think you have cleared up any doubtful points, not that there were any in the memorandum! —*Mr. Jones*: As this may be the last time the Staff Side meet the Commission in person, I think we should like to express our warm thanks to you for the courtesy you have shown to us on the various occasions on which we have attended.

Chairman: Thank you very much for your help.

(The witnesses withdrew.)



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ROYAL COMMISSION ON THE CIVIL SERVICE

MINUTES OF EVIDENCE

TAKEN BEFORE THE

28

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Friday, 4th March, 1955

Treasury Witnesses



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Assistant Secretary

on behalf of the Treasury

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Royal Commission on the Civil Service

TWENTY-EIGHTH DAY

Friday, 4th March, 1955

Present:

SIR RAYMOND PRIESTLEY, M.C. (*Chairman*)

THE COUNTESS OF ALBEMARLE

MR. S. F. BURMAN, C.B.E.

SIR ALEXANDER GRAY, C.B.E.

MR. N. F. HALL

MR. WILLES JACKSON, D.Sc., M.I.E.E.,

F.R.S.

MR. H. LLOYD WILLIAMS, D.S.O., M.C.

MR. F. A. A. MENZLER, C.B.E.

SIR GEORGE MOWBRAY, Bart.

MR. G. B. THORNEYCROFT

MRS. BARBARA WOOTTON

MR. A. D. PECK (*Secretary*)

MISS F. M. LOUGHNANE (*Assistant Secretary*)

Memorandum of evidence submitted by the Treasury on provincial differentiation

1. Chapter 3 of the Introductory Factual Memorandum on the Civil Service describes the history and the existing system of provincial differentiation in the Civil Service. The Staff Side of the National Whitley Council have submitted both written and oral evidence on the subject, and the purpose of this note is to give the Treasury's views in greater detail than has already been done in paragraphs 31-36 of the first memorandum of evidence. (Printed with the Minutes of Evidence given on the First and Second Days.)

2. Briefly, the Staff Side have said that in a national service it is wrong in principle that any system of provincial differentiation in pay should operate, and that the rate for the job, once fixed, should be paid irrespective of the locality where the job is done. They have also argued that it is misleading to make comparisons with the practice in outside industries and professions, because recruitment to them is not on an all-service basis, with liability to compulsory transfer. Finally, whilst not in any case admitting that such factors are relevant, the Staff Side have contended that expenditure on rents, travel and food is as high outside London as inside, and therefore hold that on cost of living grounds also the system cannot be defended.

3. As mentioned in their previous memorandum, the Treasury recognise that hardships or anomalies do sometimes arise under the present system. Some of them are either caused or aggravated by transient factors, such as the retention of personal rights or the receipt of exceptional overtime payments. The details of the present system are all covered by agreements with the National Staff Side (who however have always reserved their position as to the principle); but modifications in the system have frequently been made by agreement in the past, and if the Staff Side at any time wish to suggest further modifications with a view to improving the system, the Treasury will always be willing that their suggestions should be examined and discussed through the normal Whitley machinery.* In their evidence to the Royal Commission, however, the Staff Side have not made any suggestions for varying the detailed operation of the system, but have concentrated on arguing that it ought to be abolished altogether. The main purpose of this note, therefore, is not to discuss any imperfections in the system as a system, but to place before the Commission the reasons why, in the Treasury's view, the provincial differentiation system ought to be retained.

* As regards the actual classification of areas the existing agreement provides that the existing scheme shall continue at least until 1st June, 1956, that neither side will propose detailed changes before 1st December, 1955, and that changes will be made only if circumstances can be shown to have changed since 1st June, 1951.

4. In the Treasury's view, the justification in principle for any system of provincial differentiation does not rest only on the proposition that the cost of living and of working in London is higher than elsewhere, but also—and indeed mainly—on the proposition that the general level of pay in outside employment is lower in the provinces than in London. Both propositions are examined in the following paragraphs.

COST OF LIVING

5. The results of the Ministry of Labour 1953 enquiry into household expenditure are not yet available. But on certain items, notably travel and rents, there is no reason to expect that the relationship between costs in London and elsewhere will be markedly different from that revealed by the 1937–38 enquiry, although the figures will of course be higher.

(i) *Rents.* The 1937–38 enquiry showed the average payment on rent and rates by a London household to be 15s. 1½d. per week for an average of 3·6 rooms, or 4s. 2½d. per room. Excluding agricultural households, the corresponding averages for the United Kingdom sample as a whole (i.e. including London) were 10s. 8d. a week for 3·9 rooms or 2s. 8½d. per room. Insofar as the houses covered by these figures include rent-controlled houses still let at pre-war rents, the figures would to that extent show no change today. But completely comparable figures for the present time are not yet available. The Housing Statistics, 1952–53, published by the Institute of Municipal Treasurers and Accountants do, however, show clearly that the rents of local authority houses are, on the whole, higher* in the London area (including suburbs) than elsewhere, though there are exceptions: this can perhaps be taken as a rough guide to the trend of house rents generally. The figures for the cost of local authority building show an average for 3-bedroom houses of about £1,950 in London (including suburbs) and about £1,700 elsewhere—a difference of 12½ per cent; and this perhaps roughly reflects the difference in the costs of purchasing a house in London and elsewhere.

(ii) *Fares.* The Ministry of Labour enquiry of 1937–38 showed that the average weekly expenditure on travelling for households in London was 3s. 11d. as compared with 2s. 3d. for the whole of the United Kingdom (including London). The London Transport Executive's survey "London Travel Survey, 1949" and the British Transport Commission's survey "Bristol on the Move" show the average weekly cost to the individual of journeys to work as 4s. 10d. in Greater London and 2s. 10d. in Bristol (an intermediate area in the civil service provincial differentiation system).

But this difference of 2s. a week (£5 a year) clearly understates the difference in the cost of travel to civil servants in London and elsewhere, on three counts:—

- (a) the London figures relate to two years earlier than the Bristol figures: London fares were considerably increased during those two years.
- (b) both surveys cover all types of household, including households of industrial workers, and workers living very close to their work; and the average cost for a civil servant of travelling to work in London, particularly central London, is much higher than 4s. 10d. a week. A weekly cost of 10s. or 11s. would be nothing out of the ordinary, as the specimen figures in Appendix A show. (The Bristol figure of 2s. 10d. may also fall to be increased for the same reason, but not, presumably, to the same extent.)
- (c) the more expensive daily journey to work is likely to be accompanied by greater expense on travel by the civil servant and his family for other reasons—shopping, school, amusements, etc.

In general, it can be said that a civil servant who works in Whitehall has to choose between living in an expensive residential area where he incurs expenditure on fares no greater than his provincial colleague, and living some considerable distance from his work and consequently incurring substantial expenditure on fares to and from his work. The civil servant in a small provincial town can, and very often does, live close to his place of work.

(iii) *Food.* The Ministry of Labour family budget enquiry of 1937–38 did not enable a precise comparison to be made between the cost of food in London and other large

* By about £13 a year or 22½ per cent, on the average.

centres, and in the rest of the country. But the information it produced about expenditure in "industrial" and "agricultural" households provides a pointer to the difference between urban and rural areas. The rural prices were higher for imported meat, tea and margarine, but this difference was more than offset by lower prices for milk, potatoes, eggs, bacon and home-produced meat. Consumption habits differed as between different areas, but on the whole the difference has been unofficially estimated to lie between 3 per cent. and 4 per cent., whether the calculation is done by pricing the "rural" consumption at "urban" prices or *vice versa*. It is quite possible that the disparity is not so great today, but this cannot be known until the results of the Ministry's current household budget enquiry are available.

It is also relevant that a civil servant working in the provinces can often have his lunch at home, which is usually impossible for a civil servant in London. And a civil servant in the provinces who has his lunch out can often get it more cheaply than would be possible in London. This difference in cost is also to be found in Government canteens.

(iv) *Other Items.* The Staff Side, quite rightly, point out that a great many items which enter into any ordinary household budget are standardised in price throughout the country. This applies to certain articles of food, particularly tinned and packaged food, drink, tobacco, many household goods, and to some extent clothing. This is due to the growth of multiple stores and the extended sale of national branded products. As a result it may fairly be said that, on items such as these, there is less difference in cost between London and other areas than there was before the war. (And incidentally, if this were held to be a relevant argument it could be pointed out that the percentage of differentiation under the civil service system is today less than before the war and only about half what it was when the Tomlin Commission reported.)

But there remain a great many items of expenditure which are not so standardised. These may be broadly described as items which involve, directly or indirectly, the employment of local labour, wage rates being generally higher in London than elsewhere. For instance, the L.C.C. rate for cleaners is higher than local authority rates outside London, and this difference is undoubtedly reflected in the rates generally prevailing for domestic cleaning. Similarly, the cost of services such as hairdressing, laundry, window cleaning, dressmaking, shoe repairing, plumbing, and house and furniture repairs and maintenance are generally lower outside London. And the cost of entertainment, sport and recreation follows the same trend.

It is pertinent to observe that items such as these assume larger importance in the household budget the higher one goes up the income scale, and any differentiation which may be shown in the average working-class household budget as between London and other areas would fail to be increased on account of these items in the case of the budgets of civil servants from the lower middle grades upwards.

General conclusion about the cost of living

6. So far as the Treasury know, there is no firm statistical basis for assessing the present difference in living costs, for any given standard of living or for any given type of household, between London, other large towns and the rest of the country. But they submit that all the available facts are consistent with the conclusion that there is such a difference and that it increases with rises in the income scale.

7. A small scale enquiry by the Central Statistical Office in 1951 showed on the average (of a random sample of all types of household) that *actual expenditure* on food, housing and travel was 10 per cent. less in the rest of the country than in London. Including other items as well (clothing, fuel, household goods, miscellaneous goods and services) the difference was about 12½ per cent. This does not mean that the actual cost of living differed by these amounts, since the figures take no account of any differences there may have been in the standards of living respectively represented by the different levels of expenditure; and if wages and salaries are in general higher in London than elsewhere, it is only to be expected that household expenditure will be higher too—to that extent the argument would be a circular one. But it would be hard indeed to explain away completely so wide a divergence in average actual expenditure if there were not in fact a marked difference in costs.

OUTSIDE PRACTICE

8. But the Treasury would not maintain that provincial differentiation should be applied to civil service pay merely on account of differences in living costs were such differentiation not common practice outside the Service. At Appendix B is a schedule of 43 outside employers or associations of employers. It will be seen that they all pay more in London than outside, and that it is not unusual outside London to distinguish between intermediate and provincial areas, though there is considerable variation in the details of the systems. Moreover, this is not merely a selection of such employers as apply differentiation: the Treasury know of only one instance of an important employer with staff both in London and elsewhere who does not apply a differentiation of some kind, though another important employer—British Railways—applies only a very small differentiation, and that only up to a salary level of £650. Few differentials are less in amount than those which apply in the Civil Service, and many are greater. As the Commission are aware, the lowest civil service rates (up to the £275 level) are £5 (intermediate) and £10 (elsewhere). The rates rise gradually and reach £50 (intermediate) and £100 (elsewhere) at the salary level of £1,577. The figures in Appendix B relate in the main to salaries below £1,577, and consequently in these cases the differentials are not as high as £50 and £100 (apart from university non-medical teachers to whom the £50 London allowance is paid at all levels from assistant lecturer to professor). In industry at higher levels it is not unusual for *ad hoc* salaries to be paid, and there may therefore be many variations in rates and differentials in various localities.

9. Appendix B deals only with employers with staff employed both in London and elsewhere. But there is no doubt that their practice reflects a general difference in the levels of wages and salaries prevalent in the different localities.

THE PRESENT SYSTEM

10. The present civil service differentials represent approximately 2½ per cent. of salary in intermediate towns and 5 per cent. in the provinces, although at the higher levels the percentage differential is reduced, and at salary levels of £2,500 amounts only to 2 per cent. and 4 per cent. It has already been suggested in the first memorandum of evidence that the Commission might direct its attention to the amounts of differentiation. The figures in Appendix B suggest that the present differentials are in general low at the salary levels there shown. In the Treasury view, the differentials are also low on the higher salaries. On the other hand, as was pointed out in the Treasury's first memorandum, the present effective rates of differentiation over most of the Service are steeper than appears because of the effect of extra duty allowance and overtime. Examples are given in Appendix C, from which it will be seen that the total differentiation runs up to 11 per cent.

11. The three-tier system (London, intermediate and elsewhere) is used by a number of important outside employers, but appears on the whole to be less common than the two-tier system. It will be seen from Appendix B that the two-tier system, as applied by outside employers, is generally less favourable to the staff than the civil service three-tier system since the single differential applied both to "intermediate" and to "provincial" areas is usually at least as great as the civil service differential for "provincial" areas. Historically, the civil service system was conceived after the first world war primarily as a two-tier system—London and elsewhere. But from the start intermediate rates were conceded for the other capital cities of Edinburgh and Dublin, and the concession has gradually been extended until it now covers all large cities and "conurbations" as well as an outer London ring. In the Treasury view this is well justified, and they would not favour a change to a two-tier system (even if staff now in "intermediate" offices retained reserved rights to intermediate rates). London stands by itself, but just as there is a difference between London and, say, Birmingham or Glasgow, so there is a difference between those cities and a small provincial town. The Treasury therefore consider the three-tier system to be natural and just, and though the system might be made more scientific by introducing more than three tiers, the Treasury would not favour this additional complication. As to the actual delimitation of areas the present arrangements are covered by an agreement which is open to review if circumstances can be shown to have changed.

12. It will be seen that some employers use the provincial rate as their national rate, differentiation being effected by London (or intermediate) additions—which are sometimes unpensionable—while others, like the Civil Service, proceed by fixing a rate for London from which deductions are made for staff employed elsewhere. There is something to be said in favour of a change in the civil service system in this respect. In particular, there might be considerable psychological advantage if provincial differentiation were a system of additions rather than a system of deductions. But there are practical arguments the other way and on the whole the Treasury's present view is that the balance of advantage lies on the side of retaining the present civil service system.

THE STAFF SIDE CASE

13. The Staff Side's arguments rested partly on the proposition that there is no material difference in living costs between different parts of the country: the Treasury submit that all available evidence points against this proposition. The Staff Side also suggested that the practice of outside employers was irrelevant because the Civil Service is a national service with liability to frequent transfer. But they said that mobility was "not their chief plank" and that they rested on the principle of the "rate for the job", which would appear to re-introduce as relevant the practice of outside employers.

14. The point about national recruitment appears to the Treasury to be irrelevant. On the question of mobility, it is to be borne in mind, first, that although there are grades whose members move frequently, there are others whose members do not, and, second, that in some comparable employments outside where differential rates are applied transfers are also fairly common. It is therefore not easy to accept the Staff Side's contention that the fact that the Civil Service is "a nationally recruited service in which there is a widespread liability to removal" so sharply distinguishes the Service from all other comparable employments as to make it right that the Government, almost alone among employers, should eschew the practice of provincial differentiation.

15. It is true that until recent years a number of exceptionally "mobile" classes were exempt from provincial differentiation. The universal application of the differential system was introduced as part of the reorganisation of the Service after the last war. Differentiation was introduced for the undifferentiated classes gradually, as and when pay increases were introduced (with the result that no officers suffered by the differentiation); and at the same time a system of transfer grants was introduced. The grants were payable, in addition to the actual and identifiable expenses of removal which are reimbursed under the "removal expenses" code, in order to compensate for the inconvenience and miscellaneous expense incidental to the change of location. The theory behind the undifferentiated pay of the mobile classes had been that the receipt of "London" rates of pay by officers outside London compensated them for the extra expense and inconvenience caused by frequent moves but not covered by the "removal expenses" code. It was thought more just and more logical to meet such expenses by a special grant (to all officers wherever serving) on the occasions when they were actually incurred, rather than to give a general and common measure of compensation (only to officers outside London) in respect of expenses whose actual incidence varied widely from officer to officer.

16. This system of transfer grants was agreed with the Staff Side: it was never applied to any grade on an undifferentiated scale of pay, and it has never hitherto been suggested that it should.

CONCLUSION

17. The Treasury submit that the practice of provincial differentiation is consistent with the basic principle which, they hold, should govern civil service pay—a comparison with current levels of pay in comparable outside employment; and they know of no changes in outside practice which would make invalid today the conclusion reached in 1931 by the Tomlin Commission, in the light of the evidence then put before them, that "the payment of lower rates in the provinces than in London is in accordance with the practice in the country generally and is justified".

18. The Treasury believe that the adoption of uniform rates of civil service pay for the country as a whole would be inconsistent with the broad economic and social considerations which have been held in the past to be a relevant factor; would be contrary to outside practice; and would deliberately confer on provincial civil servants as a whole a higher standard of living than that enjoyed by their counterparts in London. Relatively, there would either be hardship in London or overpayment elsewhere.

Appendix A

EXAMPLES OF COST OF TRAVEL FROM VARIOUS RESIDENTIAL AREAS TO
CENTRAL LONDON

	WEEKLY COST OF QUARTERLY SEASON TICKET
I. LONDON TRANSPORT (UNDERGROUND) TO WESTMINSTER	
From	s. d.
West Kensington	5 2
Hammersmith	6 1
Southfields	7 11
Ealing Broadway	8 5
Richmond	9 10
Wembley Central	10 9
Gants Hill, Ilford	11 1
Woodford	11 1
Cockfosters	11 8
II. BRITISH RAILWAYS TO WATERLOO OR VICTORIA	
From	
Streatham Common (Victoria)	7 11
(Waterloo)	8 7
Bromley North (Waterloo)	9 10
Bromley South (Victoria)	10 9
East Croydon (Victoria)	10 9
(Waterloo)	11 1

Appendix B—Part I

PROVINCIAL DIFFERENTIALS

Summary of differentials between London, intermediate and provincial employees at various levels in certain employments. Salary levels are indicated where details are known: in some cases the information relates specifically to clerical grades, and details are consequently only available for the lower salary bands.

London salary	£350		£500		£650		£800		Form of differential	Definition of areas	
	Inter- mediate	Pro- vincial	Inter- mediate	Pro- vincial	Inter- mediate	Pro- vincial	Inter- mediate	Pro- vincial		London	Intermediate
Civil Service ...	10	20	15	30	15	30	20	40	Provincial deduction.	See Treasury Introductory Factual Memorandum (Appendix A.1), Metropolitan police area.	—
1. Local authorities	20	20	30	30	30	30	30	30	London addition	London postal area.	—
<i>Banks:</i>											
2. Lloyds	50	50	50	50	50	50	50	50	London addition	Within 5-6 mile radius of the Royal Exchange, London postal area.	Within 5-10 mile radius of Charing Cross.
3. Westminster	30	50	30	50	30	50	30	50	London addition	Within 6 mile radius of head office (Lombard St.).	(1) Within 6-12 mile radius of head office towns with populations of 250,000 and over.
4. National Provincial...	50	50	50	50	50	50	50	50	London and intermediate additions.	Metropolitan police area.	—
5. Barclays	30-35 (1) (2)	50	30-35 (1) (2)	50	30-35 (1) (2)	50	30-35 (1) (2)	50	London addition	—	—
6. National Health Service (a)	20	20	20-30	20-30	20-30	20-30	20-30	20-30	London addition	—	—

(a) Administrative and clerical staffs. London addition graded according to age—£20 at age 21-25, £30 over age 26.

Appendix B—Part I—continued
PROVINCIAL DIFFERENTIALS—continued

London salary	£350		£500		£650		£800		Form of differential	Definition of areas	
	Inter-mediate	Pro-vincial	Inter-mediate	Pro-vincial	Inter-mediate	Pro-vincial	Inter-mediate	Pro-vincial		London	Intermediate
7. British Electricity Authority...	£ 30	£ 30	£ 30	£ 30	£ 31	£ 31	£ 33	£ 38	London addition	Metropolitan police area.	—
8. Teachers (b) ...	36	36	36-48	36-48	36-48	36-48	36-48	36-48	London addition	Metropolitan police area.	—
9. University teaching staff (non-medical)...	—	—	50	50	50	50	50	50	London addition	University of London.	—
10. Gas Industry...	30	45	30	45	30	45	30	45	Separate scales	Metropolitan police area.	At discretion of National Joint Council for Gas Staff.
11. British Railways ...	10	10	10	10	10	10	—	—	London addition	Within 10 mile radius of Charing Cross.	—
12. Road Haulage ...	25	25	25	25	25	25	25	25	London addition	Within 10 mile radius of Charing Cross.	—
13. National Coal Board	£ 32 10	£ 32 10	34	34	42	42	54	54	London addition	Charing Cross. London H.Q. office.	—
14. A major insurance company.	50	50	50	50	50	50	50	50	London addition	London H.Q. office.	—
15. A textile manufacturer	32 10	32 10	50	50	Between £50 and £65.	Between £50 and £65.	Between £50 and £80.	Between £75 and £100	London addition	London offices	—
16. I.C.I. Ltd. ...	30	30	30	30	30	30	according to circumstances.	£900-1,200	London addition	London offices	—
								100			
								100			

17. Philips Electrical Industries, Ltd.	17 10	17 10	25	25	£ s. 32 10	£ s. 32 10	40	40	London addition, but for some provincial areas the differentiation is steeper than is shown by these figures. Separate scales	Central London
18. British Overseas Airways Corporation Ltd.	32 10	32 10	£ s. 32 10	£ s. 32 10	40	40	40	40		Central London, Brentford and London Airport.
							£965			
							60 1 60			
							£1,525			
							75	75		

(b) The £48 differential applies at age 37 or after 16 years' service, whichever is earlier.

Appendix B—Part II

1. The following organisations have indicated that they pay different rates in London and elsewhere, but have not given details of the differentials:

19. Refuge Assurance Co.
20. Phoenix Assurance Co.
21. Britannic Assurance Co.
22. Farringdon Assurance Co.
23. A major tobacco company

2. The following organisations have given an indication of the amounts of differential, but not in sufficient detail to be included in Part I of this Appendix. The information is in general related to lower salary levels: information related to higher salary levels was not given.

24. Dominion Insurance Co. ... Deduction of £10—£50 in starting rates, according to salary level and locality. 2s. 6d. meal vouchers daily, London only.
25. Commercial Union Assurance Co. Deduction of £25 intermediate.
£35 provinces.
26. Eagle Star Assurance Co. ... Deductions according to salary level of
£15—£20 intermediate.
£30—£40 provinces.
27. A major building society ... Deduction of £10, outside the metropolitan police area.
28. London and Lancashire Insurance Co. Deduction in provinces of
£35 (men) at £540,
£20 (women) at £370.
29. Liverpool London and Globe Insurance Co. London addition of £40 (men)
£30 (women).
30. Yorkshire Insurance Co. ... London addition of £40.
31. Reliance Insurance Corporation Ltd. London addition of £35—£40 (men).
£25—£30 (women).
32. General Accident Fire and Life Insurance Corporation Ltd. London addition according to office
£50 (men) £36 (women) or
£30 (men and women).
Certain provincial cities £20 (men and women).
33. Co-operative Insurance Co. ... London addition £13 (to age 24)
£26 (age 25 and over)
(at salary levels up to £500).
34. Another major insurance society London addition of £40.
Intermediate addition of £15.
35. Another major building society London addition of £40 (salary levels up to £607).
36. A shipping company ... London addition of £50.
Intermediate addition of £25.
(Salary levels up to £800 (men), £500 (women)).
37. A petroleum and oil distribution company. Provincial deduction of £20—£50 (salary levels up to £700).
38. An oil company. No uniform differential, but separate scales for London and provinces. Differentials for clerical staffs generally between 15 per cent. and 20 per cent. Examples of differentials at scale maxima:—
Filing clerk or shorthand typist ... £125
Senior clerk ... £140
Section head ... £190
39. General Electric Co. Ltd. ... Salary levels up to £500—provincial deduction of 10 per cent. Smaller deductions in big towns. Salary levels above £500—district levels of salary are paid.
40. Association of Multiple Grocers Intermediate deduction, £12—£18.
Provincial deduction, £17—£26.
(Salary levels up to £363).

Appendix B—Part II—continued

41. Retail Co-operative Societies ... Intermediate deduction, £9—£21.
Provincial deduction, £12—£29.
(Salary levels up to £393).
42. Milk distribution (clerical staffs) Separate scales:
intermediate towns £17 below London rate,
provinces £31 below London rate.
43. Retail distributive trades ... Separate scales:
intermediate towns £13 below London rate,
provinces £28 below London rate.

Appendix C

PERCENTAGE DIFFERENTIALS FROM LONDON RATES

Examples (maxima of scales)	Pay (including pay supplement)			Pay (including pay supplement) plus overtime or extra duty allowance		
	London	Percentage differential at inter- mediate stations	Percentage differential at pro- vincial stations	London	Percentage differential at inter- mediate stations	Percentage differential at pro- vincial stations
	£ s.			£ s.		
Copy typist						
grade I	365 0	3.0	5.8	402 9	8.3	11.0
Clerical officer ...	595 0	2.5	5.0	657 0	7.9	10.4
Higher executive						
officer	1,030 0	1.9	3.9	1,112 2	6.4	8.3
Works group						
main grade	1,355 0	2.9	5.9	1,463 0	7.4	10.2
Chief scientific						
officer	2,600 0	1.9	3.8	Not applicable		
Deputy secretary...	3,250 0	1.5	—			

Examination of Witnesses

SIR THOMAS PADMORE, K.C.B., *Second Secretary*MR. B. D. FRASER, *Under Secretary*MR. M. E. JOHNSTON, *Assistant Secretary*

on behalf of the Treasury.

called and examined.

4067. *Chairman:* In paragraph 3 of your memorandum you refer to hardships or anomalies in the present system of provincial differentiation. Would you care to amplify this? Might there be similar difficulties under any system, or do they arise especially from the nature of the civil service scheme?—*Sir Thomas Padmore:* I think in a large degree they are inherent in any system which involves, as I think any must, drawing lines and paying people at different rates according to whether they happen to be employed on one side of a line or the other. We think that although there are anomalies—and there are perhaps

even more cases that strike people at first sight as a little anomalous—they can be very much exaggerated; and they certainly do not suffice to support an argument, in our view, that the whole system is a bad one. We are, of course, always ready to discuss these anomalies with the Staff Side, and from time to time we have taken measures to remove some of them. It may be that if the Commission were to endorse a system of provincial differentiation the Staff Side would then feel more able to discuss anomalies and possibly remedies with us in the future. I think it is worth while remembering that, so far as the anomalies are

what one might call the rough, there is also a smooth with them. For every case where it may be held that a man is getting rather less than he ought to there is at least one other case where it could equally be alleged that a man is rather fortunate in getting more than he should. These movements, as they are movements across a boundary, take place in both directions. Indeed, there is more smooth than there is rough in the sense that positive measures have been taken in some cases to avoid diminution in pay. For instance, in many cases where a man moves from a higher paid area to a lower paid area he does not come down in pay but marks time; whereas when the movement is in the opposite direction the man gets the benefit at once. I know it is no comfort to a man who is losing to think that someone else is gaining, but it is perhaps worth remembering nonetheless.

4068. Is the cost of administering the scheme significant?—I should not have thought so. Pay of course in almost all occupations is nowadays terribly complicated, and the amount of work involved in working out a man's pay, what with P.A.Y.E., overtime, e.d.a. and so on is substantial. I would not have thought that provincial differentiation made any material difference to the cost of administering pay.

4069. Has the opposition of the staff always been as uncompromising as it is today, or has it hardened?—It is not really for me to speak for the staff, but my impression, having had to do with provincial differentiation for some time, is that their hostility has always been fairly complete. But although they have all along objected in principle, we have had many discussions with them, for example on the question of the demarcation of the intermediate areas and the amount of provincial differentiation. In about 1946 in agreement with them we altered the system of amounts in that we substituted for what were *ad hoc* arrangements by grades or classes a general ready reckoner system which depended on the level of salary. On that kind of thing we have had very considerable co-operation and help from them, but I think it is true to say nevertheless that they have all along, as long as anybody cares to go back, disliked the principle.

4070. *Mr. Menzies*: Sir Thomas, I think the whole of the Treasury case on this turns upon the argument that the cost of living is lower out of London?—With respect, I do not agree. It is true that we discuss that at considerable length, but our prime argument is not that the cost of living is different; it is that the system of paying what other employers pay points to a differentiation and, if we are to be competitive with other employers it is necessary to pay more to be competitive in London and some other places than it is in the provincial areas.

4071. It is fair to say though that you seek to support your case by reference to certain differentials in cost?—Yes, certainly.

4072. I would like to ask you a few questions about the various arguments here. There are references to the Ministry of Labour enquiries. These relate to industrial workers' households and might be thought to be perhaps not particularly relevant to the conditions of living of civil servants. So to that extent therefore, although these figures do show differentials, they are differentials for a different class of person altogether?—We would agree that one ought not to look at the precise amounts of the differentials, but civil servants are subject to the same necessities; they buy the same sort of thing; and I think it is a fair inference that if the cost of living for industrial workers is higher in a particular area it is also higher for a clerk. We do not carry it further than that.

4073. But these Ministry of Labour enquiries relate to industrial households where people benefit markedly from rent restriction?—Yes.

4074. Whereas the civil servant compulsorily posted to Wigan we will say, or Worthing if you prefer it, has very often to buy a house in the open market. That leads me to ask whether any enquiry has ever been made of the costs of houses in the open market at different centres like Worthing, Manchester or London?—There has been some enquiry into building costs which one would have thought to have some bearing on the cost of buying a house.—*Mr. Fraser*: Yes, we have put into our paper—I would not call it anything more than a very rough guide—the actual cost of building experience of local authorities as the guide to the capital cost of a house. The only other way I can think of might be to get something from the Valuation Office of the Inland Revenue, but there are difficulties about that.

4075. Leaving rents on one side, may I pass on to fares? I was very interested to see the reference to the London Travel Survey, with the preparation of which I was once connected. I see this figure of 4s. 10d. is quoted. I have not looked up the Bristol one of 2s. 10d., but I assume it is the same sort of figure. May I put the point to you that that 4s. 10d., and presumably the 2s. 10d., relates to the expenditure of workers who use London Transport?—Yes.

4076. It does not include the 44 per cent. in London who do not use public transport to get to work?—No.

4077. So the effect of those figures is to magnify the gap between the two areas. Each of those figures should be reduced to allow for those who get to the office by

cycling, by motor car and by walking.—*Sir Thomas Padmore*: I am not sure that we ought to exclude people who come in motor cars. If they come further it costs them more.

4078. May we look at cycling and walking. 44 per cent. of people in London and some higher proportion in Bristol do not use public transport at all. So when you are dealing with averages, as you must do in this case, these figures are inflated to this extent. They would come down to about 2s. 9d. in London to allow for that.—*Mr. Fraser*: I wonder, if I may say so, whether that is quite right, if one is using these figures for civil servants. We made the point—I hope it is not a false one—that the 4s. 10d. does include the people who have to take a twopenny bus to get to the office, of whom there are large numbers in London but not a large number of civil servants. Most civil servants come from a "suburbanish" area; a twopenny bus fare is not relevant in their cases. Nor, unless they are terribly impoverished or keen on exercise, do they walk seven or eight miles.

—*Sir Thomas Padmore*: 44 per cent. of the working population do not use a public form of transport but, while one can only guess, I would be more than astonished if that were true of civil servants. The figures include the people who work locally all over the Greater London area and, so far as we are talking about Whitehall, I would venture to think that somewhere between 95 per cent. and 99 per cent. use transport in some way or other to get to work.

4079. I am thinking of suburbs and places like the finance department of the War Office. The figure giving the season ticket rates rather tends to exaggerate, does it not, the extra cost?—*Mr. Fraser*: I hope we did not put it unfairly. We did stress it was for central London. I do not think we have got figures for the distribution of civil servants within the London area, but if you take Whitehall, the West End and the City, which includes the Post Office headquarters, Customs and a number of other large offices, I would say that a substantial majority of London civil servants are in this Whitehall/City/West End area, although we have certainly made considerable increasing use in recent years of the inner London ring. That might lead to a conclusion that we are a little bit generous in drawing our London area so wide.

4080. We are talking now of something which involves substantial sums of public money and it rather surprises me that no formal enquiry has been made on travel and rent, which are two factors which can be measured fairly easily by survey methods. There has been no formal enquiry for black coated workers generally or civil servants in particular in the London and

the provincial areas. Has that ever been thought of or discussed?—*Sir Thomas Padmore*: If we were making an enquiry among civil servants I do not know how far the Staff Side and the staff themselves would be eager to co-operate in anything of the kind. I should have some doubts, but I think you are quite right that no serious attempt to do anything of the kind has ever been made. But, although we have only bits and pieces of information here and there and none of it very precise, it does all point in one direction. There is also, and I think it is worth while taking some account of it, the ordinary common experience that we all have. I think it is fair to say, certainly in my own experience, that civil servants I have talked to who have made these moves into and out of provincial areas—they might like coming to London, they might not like coming to London—but without a single exception they would say that purely from a financial point of view the additional pay that they got when they came to London did not cover their additional essential expenses.

4081. *Mr. Burman*: In paragraphs 8 and 9 and again in paragraphs 13 and 14 you discuss outside practice. The Staff Side say that what exists in the salary structure of other vocations and professions is misleading. You, on the other hand, bring examples to show that London allowances are fairly common. Have you anything to add to that?—I think it is difficult to generalise, but I would have thought that all the partial statistics that we produced all point to differentiation, both on merits and by reference to what other employers do; and all point to the conclusion that the differentiation in force at present is less than that which could be justified on the facts so far as they are known.

4082. *Mr. Thorneycroft*: I think I ought to add a point on the £10 differential for British Railways. You know, do you not, that British Railways staff have free residential tickets, so the question of fares does not arise there, and it may have something to do with the rather lower amount they get by way of differentiation?—*Mr. Fraser*: We had always understood that was at any rate one of the explanations for that.

4083. *Lady Albemarle*: On paragraph 15 I want to ask about the mobile classes. You have now had some years' experience of provincial differentiation, and there is some evidence that it does press rather severely on for example meteorologists. I do not know if you would like to say anything more on that?—*Sir Thomas Padmore*: I think there may have been in some degree created in the minds of the Commission by what has been said to them hitherto a picture of a Civil Service which consists either wholly or in

very large degree of people who are constantly moving about the country really subject to a very serious degree of mobility. We have made a certain amount of effort to find out the present facts, and perhaps I might just give the Commission a short summary of them. These are not statistics; they are general but honest impressions and views expressed to us by the establishment branches of the Departments concerned. It looks to us as though the Service Departments have the most frequent transfers. But even there, and more so in other Departments, moves of people in the lower grades are rather unusual. The danger of being moved if you are in a lower grade is not at all great. But in some Departments, and perhaps particularly in the Service Departments, a man must accept a certain degree of mobility if he expects to get on in the Service. Departments of course do not move people just for fun and nowadays, because of the difficulties of housing and education and so on, they take a conservative view about the desirability of moves which might otherwise be a good thing for the purpose of broadening a man's experience and training him, and so on. They are very well aware of the nuisance involved in constant transfer, they do try to administer it as humanely as they can to meet people's wishes about their location, and the element of compulsion is kept to an absolute minimum. In a great many Departments and over a great part of that part of the Service which is subject to this kind of movement, there is a doctrine and a practice that transfers are usually—not always but usually—associated with promotion; and in some Departments, notably the Post Office, most of their moves are moves to fill vacancies which arise on promotion. They are advertised internally and the people who come forward for them are volunteers, who although they may not want to move are willing to move when they get the prize or compensation of promotion for it. I do not think one can say what is the proportion of staff of the total in the Civil Service for whom this liability to movement is a reality, but there must be a great majority for whom it is virtually non-existent. Even in those grades where there is a liability to move, it is a thing that is only likely to happen four or five times in a career and is quite likely to happen on the occasion of promotion and thus largely voluntarily rather than otherwise. We think frankly that the Staff Side have greatly exaggerated the relevance of mobility to this question of provincial differentiation. It is of course relevant, but it is worth while bearing in mind that, even so far as it is relevant, mobility works both ways across these boundaries. But in so far as they have suggested, as indeed used to be the case, that it would be a good thing to have no provincial differentiation as a

sort of compensation for the liability to transfer, we have felt on the Official Side for some years now that the liability to transfer was much better compensated for by compensating the people who are in fact under the liability, and compensating when it matures, instead of giving to the whole Service a compensation in the shape of non-differentiation for something that does not happen to the large majority of them. The case for doing that is nothing like as good as the case for having, side by side with what I think we can fairly say is a generous code of actual expenses for removal, payments which are made over and above what is actually incurred and reimbursed in the shape of identifiable expenditure.

4084. *Chairman:* These are the transfer grants?—Yes.

4085. *Lady Albemarle:* On removal expenses both Sir James Helmore and Sir Godfrey Ince felt—I quote from Sir James Helmore—that a further examination of removal expenses is needed. I think they both felt there was a definite loss there.—I think we would be bound to say that the transfer and removal expenses code is generous and all-embracing. It seems to meet every conceivable kind of case, except for one, namely that we do not provide for removal expenses on first appointment. When you first take a man on—particularly in the Ministry of Supply where they have from time to time to recruit people already in other occupations, scientists, technicians and engineers and the like—it may be that the absence of any provision for payment of removal expenses on first appointment is thought to be rather a handicap.

4086. Transfer grants were fixed in 1946 and monetary value has fallen greatly. Have they been reviewed at all?—No; it is quite true they are not worth as much as they were then. Perhaps there are two answers to that. One is that we think, rightly or wrongly, that they were generous when they were first fixed, and that therefore there is no need to be in too much of a hurry to increase the amounts. The other is that in 1946 they were designed as compensation for the upset and the nuisance in every kind of way of being removed; and in 1946, just after the war, there is no doubt that that upset was very much greater than it is now.

4087. *Mr. Menzler:* Have you any idea what transfer grants cost in a year?—We will let you know. (*This information was subsequently handed in and is printed as an Annex to these Minutes of Evidence.*)

4088. When you give a man compensation for some disturbance the ordinary person thinks he gets the full amount, and it is rather surprising to see in the Factual Memorandum that grants are subject to

tax and it may be surtax in particular cases. Do you think that just?—I would hate to tender evidence on the justice of the taxation system to this Commission or any other Commission! The Inland Revenue assured us that that is the law. We did take account of the fact that it was taxable when we fixed the amounts.

4089. *Lady Albemarle*: So the maximum anyone receives is about £60? Do you think that is awfully generous?—On the whole yes, given that the expenses code itself does reimburse, as we think very effectively, for all that staff are actually out of pocket.—*Mr. Fraser*: Perhaps I might add that the removal code has just undergone a long review resulting in agreement with the Staff Side.

4090. The transfer grants?—No.

4091. *Mrs. Wootton*: In your paragraphs 10 and 11 you seem to drop a gentle hint that far from being abolished possibly provincial differentiation ought to be increased. Have you any specific proposals to make there?—*Sir Thomas Padmore*: No, I do not think we have. There are two aspects of this suggestion that if the system needs review it is more likely in our opinion to be in the direction of steepening than the reverse. One is that we feel that, partial as our statistics may be, they seem to us to support on the whole either the differentiation we have got or something perhaps somewhat larger. The other aspect of it is one I mentioned when I first came to give evidence to this Commission, which is that the effective provincial differentiation at this time, as the Commission knows, is greater than that which is laid down in the tables because of the effect of overtime and extra duty allowance. As I said on that occasion, we feel that if the Commission accept the need for some system of provincial differentiation and if at the same time they accept our suggestion that regular overtime and extra duty allowance should be abolished, they will find themselves in the necessity of doing one of two things. If they leave the provincial differentiation code as it is, they will reduce the effective provincial differentiation in operation. The alternative would be to increase the provincial differentiation laid down in the tables in recognition of the fact, if it be a fact, that the present system is rather milder than would be justified by the facts.

4092. In fact you are not really going beyond a hypothetical statement?—That is right.

4093. *Mr. Thorneycroft*: You have given us in the appendices a certain amount of information about outside comparisons, and in your paragraph 12 you say:—

"It will be seen that some employers use the provincial rate as their national

rate, differentiation being effected by London (or intermediate) additions—which are sometimes unpensionable. . . ."

I wonder if you could tell us in which cases cited in your appendix the London additions are unpensionable?—We could let you know.—*Mr. Fraser*: But it would not cover anything like the whole 43 cases. We do not know either one way or the other in some cases; we did not specifically enquire. (*This information was subsequently handed in and is printed as an Annex to these Minutes of Evidence.*)

4094. I wonder whether you could amplify your remarks in this paragraph with regard especially to the practical arguments for making no change?—*Sir Thomas Padmore*: You are asking what we think about turning provincial differentiation upside down—having a national rate with London and intermediate addition? I think we can say we have fairly open minds on this, and it is of course true that a majority of the outside employers whose cases we have cited do in fact work in that way and not in the way in which we do. We did ourselves contemplate suggesting to the Staff Side a change of this kind something less than ten years ago. The advantages from a psychological point of view, I suppose, are obvious; it is always more attractive to pay somebody more than other people rather than to pay somebody less than other people. How far civil servants are likely to be taken in by that kind of device I would not venture to say. We did not in fact propose it to the Staff Side for reasons which I will come to in a moment, and of course we do not know, if either this Commission or we ourselves were to favour such a change, what the Staff Side reaction would be—obviously we should discuss it with them. It might be that some civil servants at any rate would feel that there was a catch in it somewhere, or on the other hand would feel that it was a distinction without a difference and was not worth while doing. The practical arguments and the reasons why we did not pursue the thing any further when we were examining it some years ago, are simply these—I do not think they are conclusive arguments but they did have some weight with us. First of all, there are a certain number of classes, not numerous but not without their importance in the Service, who do not exist except in London, and to some extent in Edinburgh. The administrative class and the lawyers only exist in London and Edinburgh, and it would seem a little odd for those classes to have a national rate of pay which was based on what you would pay them if they worked in Bournemouth where in fact none of them do work. That is a minor point and I do not stress it. Perhaps linked with it is the fact that somehow traditionally a lot

of us think of a civil servant as primarily a London animal. Although, of course, the majority of civil servants are not in London, the seat of Government is in London and one thinks of the seat of the Government's servants as being primarily in London, too. For that reason we feel it natural to think first in terms of what you pay the civil servant in the centre of Government, and adjust that for the civil servants who are not there. Again it is not an important point but I suppose it explains why the thing has been done in this way traditionally.

The other point, which is perhaps more substantial, is that we think, rightly or wrongly, that the process of fixing civil servants' pay on the Tomlin formula, or whatever principles may take its place—provided that they are on the general lines of outside comparisons—that the general process is rather easier for a lot of civil servants if you look primarily to the London comparison rather than to the ex-London comparison. It is particularly important for us to be competitive in London, where we find it most difficult to staff some of our scarce categories, and we think on the whole that there is a natural comparison in some of those categories between the Civil Service and London staff of other employers. We think, too, that though provincial differentiation or whatever takes its place is very variable in other employment, the tendency among employers is to be more in line with one another in London than elsewhere; and if that is so, and insofar as that is so, we find it easier and more convenient in many cases of making these outside comparisons to proceed primarily, not wholly but primarily, by looking first of all at the London staff. It is all a bit intangible and perhaps not very convincing, but that is why we have never done anything about this proposition and never taken it to the Staff Side for discussion whether they would like it better if we turned it upside down.

4095. If for some good reason it should be thought satisfactory to reverse the present system—to fix a provincial rate and say that for those employed in London there should be a supplement, addition or allowance—what do the Treasury feel about that addition being pensionable or unpensionable?—Perhaps I might begin by saying what I think the Staff Side would feel. If we made a proposition that we should proceed in that sort of way and that the London addition should not be pensionable, I think it is fairly certain the answer would be to reject it. It would clearly be taking away from large numbers of the staff something which they now enjoy. As to our attitude, I think we should say it is very arguable either way whether, if you have a London addition, it ought to be pension-

able or not. But the arguments in favour of making it pensionable are, I should have thought, sufficiently respectable for us on the Official Side not to wish to press the view that its pensionability should be abolished. After all, if a man is born and bred in Chelsea, lives all his life in Chelsea and retires to Chelsea, and it is right that you should pay him more than a comparable man in Newcastle during his working life, it is not easy to see why you should not give him a somewhat higher pension than his opposite number in Newcastle who spends the whole of his life and perhaps his retirement in his native place. That, broadly speaking, is the argument for making the London addition pensionable. On the other hand it is fair to say the State is not concerned with where a man lives after he is pensioned; and if he chooses to live in a high cost area that is his affair. And of course you do get admittedly what seems to be the curious and anomalous result of the present system, or of a system which would make a London allowance pensionable, in that you may get two people of identical service living next door to one another in their retirement on different pensions. But whichever way you turn, you are bound to find that kind of thing as soon as you embark on a system that involves drawing lines. I would say that even if we were to turn provincial differentiation round the other way, we should not want to press the argument that the pensionability of the London addition should be taken away. I am not sure whether such a change would need legislation anyhow.—*Mr. Fraser*: No, I think not.

4096. *Sir George Mowbray*: May I just follow up the practical difficulties which *Sir Thomas* has mentioned in regard to reversing the method, which one can well follow. There is, I suppose, the advantage that if there were a change and the amount of differentiation was once got right, it would not be bedevilled at various periods by such things as overtime and e.d.a. whether regular or irregular?—*Sir Thomas Padmore*: The question would arise whether a London allowance should be reckonable for overtime purposes or not, but if the conclusion was it should not be reckonable, then I agree that there would be a certain advantage from the point of view you mentioned. I am not sure—I am perhaps thinking aloud at the moment—whether it would not be rather odd to make a payment which was on the one hand pensionable but on the other hand did not count as pay for overtime purposes.

4097. Are any of the London allowances in your Appendix B eligible for overtime?—*Mr. Fraser*: We have never enquired, Sir; I am afraid I do not know.—*Sir Thomas Padmore*: I should have thought the staff, if they cared to do so, could

establish quite a strong case for reckoning for overtime purposes. Take the example of a bricklayer paid on an hourly rate; he presumably earns more in London than he does in a provincial town, and if he works overtime he will get overtime at his appropriate hourly rate or a multiple of it.

4098. *Mr. Burman*: But his expenses in respect of rent, fares and food do not alter.—I quite agree.

4099. *Mr. Menzler*: You have doubtless seen the submission by the Customs and Excise Controlling Grade Association. They quote the example of a senior man who has spent most of his career in London, who may get no increase in pay at all on promotion to a post in the provinces and on top of that is superannuated on the provincial salary. That was the grievance put to us. It occurs to me that there might be a way out: if a man has spent three quarters of his career on a London salary and one quarter on a differentiated salary, his pension should be related as to three quarters on the London basis and as to one quarter on the provincial basis. I appreciate that it would need legislation, but what is your reaction to that suggestion?—I cannot help feeling that it is one of those rather elaborate refinements that, when you look at each of them singly, look rather attractive, but which, if one accepts all of them, result in intolerable complexity of superannuation and pay codes.

4100. I am only putting it forward from one point of view, namely, the efficiency of the Service. If it be the case that senior men whom you would wish to see in higher posts in the provinces do not put in for them because they get nothing out of it and lose on pension, that would be rather serious. You did make the point that a man is a free agent to seek promotion or not. He may be deterred from seeking promotion because of provincial differentiation.—All that is perfectly true. I would hope, particularly if the Commission operate effectively on the concertina, that in most cases promotion will involve more money than the amount that is at stake in provincial differentiation, particularly as often in these moves we are not concerned with the whole of provincial differentiation but with the difference between London and intermediate, or intermediate and provincial, as the case may be.

4101. *Chairman*: Is there anything you want to add, Sir Thomas?—There is just one thing. I wanted to invite your attention to what struck me as a rather interesting paragraph in the Fleck Report, in which they said:

"There are great difficulties in the way of attracting to Headquarters the best men in the industry, and we have met several cases where men have refused transfer

from the coalfields to Headquarters. The difference between the salaries paid in London and those paid in the coalfields is not enough to make up for the high cost of living in London."

I thought it was interesting to see that that committee, looking at a quite different industry in quite different circumstances, came to the same conclusion as ourselves.

(*At this stage in the proceedings Mr. Johnston joined the witness.*)

4102. *Chairman*: Shall we pass then to the medical officers? Their view of the history of negotiations is recorded in the 24th Day's evidence, page 1016, paragraphs 8 to 16. We wondered whether you wanted to make any comments, perhaps particularly with reference to the machinery for appointing the Howitt Committee and the reception given to its Report.—I should like very much to say a word about that, Mr. Chairman. We think some misleading impressions have been given about the history surrounding the Howitt Committee. It is quite true that the Joint Committee which represented the medical staffs did not want the Government to appoint an independent committee to consider their claim, but when the Chancellor decided that in spite of that he was going to set up such a committee, he did invite their comments about the membership which he proposed. Their only comment was that the medical element on the committee was under-represented as compared with the lay element, and they suggested the addition of two more medical men. For that purpose they suggested four names. Two of them were serving civil service medical officers—that is to say they were members of the class under review, and two were apparently suggested as representatives of the B.M.A. which was one of the two bodies associated with putting forward the claim, and the Chancellor felt that he wanted rather more independent medical representation than that. He rejected their names but agreed that the medical element should be strengthened, and appointed two distinguished additional doctors to the committee. So that the impression that the Howitt Committee was, as one might say, a packed body, is really quite unjustified. Indeed before the Howitt Committee started operations, Mr. Mayne himself wrote a letter in which he said, after regretting that the constitution of the Committee had not been made a matter of negotiation, that his Committee must however face the fact that the Chancellor had done what he had done and "we have no objection to the doctors he has asked to serve on the Committee. Indeed, we are happy to say we concur in these appointments, and we welcome the strengthening of the medical side of the Committee." Our impression is that the Joint Committee did not really begin to dislike the Howitt Committee until

they saw its Report. I have said all that not because of the importance of the history of this particular thing, but because I think it has a bearing on what Sir Edward Bridges said to this Commission about the appointment of a standing body to consider higher civil service pay generally. You will remember that he suggested that such a body might be appointed by the Government, certainly in informal consultation with the Staff Side but without any requirement that the Government should seek and obtain their agreement. We thought that the history of the Howitt Committee would rather suggest that difficulties, perhaps on both sides, were likely to arise if such bodies were to be subject to a requirement of agreement, which perhaps is a step in the direction of a kind of joint appointment, and that it is on the whole better and quite adequate if such committees are appointed after informal consultation.

4103. In fact, however, the actual consultation did work quite all right, judging by Mr. Mayne's letter.—*Mr. Fraser*: It worked all right in that case because they were being consulted informally and the Chancellor did, in the last resort, have the decision in his own hands. If he had had formally to bow to the suggestions made by the Joint Committee, one wonders whether that would have been altogether a good thing.

4104. *Mr. Hall*: I wonder if you could comment on the recruitment position for Civil Service medical officers during the last few years.—There were some reconstruction competitions just after the war and they were very satisfactory; we filled all the vacancies. There were a couple of open competitions before the Howitt Committee was set up, and they filled 92 out of 114 vacancies, on the pre-Howitt rates of pay. Then came the Howitt Committee which recommended increases in pay which the Government accepted. The Joint Committee did not accept them, and at that stage they banned advertisements, which is the same thing as preventing recruitment, so we were not able to recruit for three years, roughly, after the Howitt Committee Report. An open competition took place last year after we had reached agreement on still higher scales in negotiation, and the result was, of course, an attempt to fill about three years' backlog. There were 85 vacancies over the Service as a whole; there were 481 applicants. We thought at first we had filled 61, but I have heard only this morning that one or two have dropped out and I think it is now 57. That is perhaps not bad, though it could be better, but it is rather interesting to break the thing down a bit. The jobs are, of course, of very different kinds requiring different backgrounds in different Departments. There were four Departments who filled

their vacancies exactly; there were seven others who filled their vacancies with a surplus of acceptable candidates, and there are five where there remain deficiencies. The number of unfilled vacancies in those five Departments was, I think, 28, and the surplus of acceptable candidates for the other Departments not suitable for those vacancies was 23. In general there was no difficulty in filling the posts which required ordinary G.P. or local authority background. Half the deficiencies were in the Prison Commission, which is G.P. background but frankly is an unpopular place—not many doctors put it first—and the other failures were exceptional types of posts, except in the Ministry of Pensions and National Insurance who had a very large number of vacancies, 18, and only succeeded in filling 14. On the whole we were not dissatisfied with the results; we had a fairly good field. There is to be another competition this year, from which we hope to do better because we have filled so much of our backlog and made various new technical arrangements for advertisement which we think will work the thing more satisfactorily: but we are not unhappy.

4105. *Mr. Menzies*: There may be beginning to be too many doctors?—*Sir Thomas Padmore*: That may be a factor.

4106. *Mr. Hall*: Have you any difficulties over retention?—*Mr. Johnston*: None to speak of, no.—*Sir Thomas Padmore*: I think the doctors have said from time to time that that ought not to be taken to mean more than it does. They always say that it is terribly difficult for a doctor in fact to get back again once he is in the Civil Service—that he has cut the painter, as it were.

4107. In their evidence, Day 24, page 1033, para. 70, third line, the Joint Committee say that in the medical officer class, unlike other branches of the Service, higher posts are nearly always filled from outside. It is rather strongly worded:—

"One of the standing grievances of the medical officer class is that to an extent unknown in any other civil service class higher posts are filled by direct recruitment instead of by promotion."

They made something of it in their oral evidence too. Can you offer any comment on that?—*Mr. Fraser*: It is true of the very top posts, and to a lesser extent of some of the lower posts. It is not that they are filled without trawling the existing people. They are all considered, and if there is anybody already in the Service suitable for the higher post he gets it.

4108. *Chairman*: Do you advertise posts and people in the Service can apply, or do you just consider them quietly?—I think I am right in saying the first step is to

bring the vacancy to the attention of everybody in the Service, and only if one is not satisfied that it is a good enough field is the post publicly advertised.

4109. *Mr. Hall*: Is there any factor in continued outside experience that might be held to make a man eligible?—*Sir Thomas Padmore*: I should on the whole doubt it. I think that it may be that in some of the top men one is looking for a kind of specialisation or experience that is not required for most of the more subordinate posts, and that therefore you can fill your more subordinate posts to that extent with perfectly suitable people who are not suitable for the higher posts. That may enter into it to some extent, but I do not think that the Departments deliberately go out to get a different kind of experience or difference of qualification for the higher posts. They do what we normally do with the rest of the Civil Service: when a vacancy arises they look round first in the Department in which it arises, then more widely, and only go outside and advertise if the emulsion is reached that that is the only way of finding really suitable candidates.

4110. *Mr. Menzler*: On the professional side of the Civil Service is it not the almost invariable expectation for the top posts to go to men within the Civil Service?—Yes.

4111. Is there not some significance in the point made that these medical top posts are filled from the outside? Is it not arguable that this will have some considerable effect on recruitment?—I think to some extent it may. It does not seem to me necessarily to follow that, because in the immediate post-war years a substantial proportion of the higher posts have had to be filled by direct recruitment, it need necessarily continue to be so, or at any rate to anything like the same degree.

4112. *Mr. Lloyd Williams*: We are given, in the 24th Day's evidence a number of paragraphs beginning at number 25 on page 1022 which describe the duties of medical officers. In paragraph 27 there is a summary in which they say:

"It will be seen that the range of work involved is commensurate in some grades with that of the consultant in others with that of general practitioners of senior status and experience."

Does that cover the greater part of the medical service in the Civil Service or are there a number who would be commensurate with the average general practitioner without that senior status and experience?

—*Mr. Johnston*: Leaving aside the Prison Commission, which is in rather a different category, the main distinction between the civil service doctor and an outside doctor is that the outside doctor is

responsible for the whole range of treatment whereas, by and large, the civil service doctor is required to use his medical knowledge only to advise or to give a decision on a particular type of case, for example, a National Insurance claim. So it is arguable that work of this kind does not require specialist or consultative qualifications of a kind which would normally be accepted as essential for a specialist or consultant post in the National Health Service. I think that is illustrated by the list of qualifications which are set out in an appendix to the Joint Committee's memorandum. We do not require the normal qualifications which the National Health Service requires of its consultants, for example, Fellowship of the Royal College of Surgeons or Membership of the Royal College of Physicians. There are some of our doctors who have those qualifications, but they are not in any sense mandatory. If you can get people who are willing to come in with those qualifications, so much the better, but we do not regard them as essential for the job that has to be done.

4113. Would you say that the responsibilities of the work have increased since the war?—The advent of the National Health Service has made a difference in kind to the responsibilities of some jobs, because before the war the Civil Service was not to anything like the same extent concerned with the oversight and administration of the general hospital and medical services; but in most Departments the work is very much the same as it was before the war. In so far as since the war there have been developments in research, new techniques and so forth, then the job has become, shall we say, different and perhaps more difficult than it was before the war. But I think it would be very difficult indeed to argue from that that the responsibilities, particularly of the basic grade of medical officer, have increased disproportionately compared with those of the medical profession as a whole.

4114. *Mr. Menzler*: It used to be said, at least at one time, that the medical officers of the Ministry of Health were primarily occupied with administrative work. Is that still true, or has there been a switch over to more professional work for some proportion of them at any rate in recent years?—*Mr. Fraser*: It is still true enough for the headquarters men. There is a distinction there, however, between the Ministry of Health headquarters and regional doctors. The Ministry headquarters doctors are still engaged in administrative work—that is, administrative in the medical sense.

4115. Would it be administrative in the sense we use the term in regard to the Civil Service?—I was not thinking of it in that sense.

4116. *Chairman*: Might it not be argued that if you are going to build up a satisfactory service, with any chance of the basic grade people getting up to or near the top, there should be a reasonable career prospect; and that you should aim at getting your fair share of the talent of the medical profession?—I think, of course, that is true in a way. But we do not need our fair share of all types of talent in the medical profession. There are certain things the medical profession does which we do not. We certainly aim, for most of our basic grade medical officers, to get a man with either general practitioner or local authority experience and ability of the kind one would expect a good man to have got by the age of forty.

4117. A good man?—Yes, a good man, certainly. One would hope that the prospects that are offered of advancement, which are of course not offered in any sort of hierarchical way by the National Health Service to the general practitioner, would attract not only the good but the better man, to some extent anyhow.

4118. The Joint Committee say that throughout all these discussions on civil service pay as a whole the Treasury has taken a stand firmly on this principle of outside comparisons. The claim made here by the Joint Committee is that this is the one section of the professional and scientific classes where this can be easily done. Yet it is here that the Treasury have gone right away from it and have suggested that internal relativities should modify the results quite considerably in a downward direction. Would you care to comment?

—*Sir Thomas Padmore*: I do not think we plead guilty to that charge, although I know it is made. We say, first of all, that the outside comparison advocated by the Joint Committee is neither as simple and straightforward as they claim, nor is their outside comparison the proper and complete comparison which we think ought to be made. We say it is not so simple because, first of all, in the cases that they adduce in their comparison, they cover a very wide range of remuneration indeed, for a very wide range of different functions. It is all very well to say that because these people are doctors and are remunerated at such-and-such rates, therefore our doctors should be remunerated at similar rates. In fact, it is by no means easy to say how you could apply the rates of remuneration—not salaries but fee-paid rates of remuneration—*holus bolus* to the Civil Service. What is more, we ask our doctors to do a job which in the main is different from the job which is done in the National Health Service. Therefore, we say that the comparison is not so simple; because, although there is a comparison in the type of professional qualification, there is not any

thing like so close a comparison of function. There is not, of course, a close comparison in conditions of service any more than in the system of remuneration.

We would go so far, I think, as to say that if you confine yourself solely to the comparison with the National Health Service in its two branches, you can justify almost anything. Indeed, we have ventured sometimes to think that perhaps that is largely how the Joint Committee proceeded; we have tended to suspect that they invented their claim and then created the appropriate statistical justification for it! Certainly we would claim that we could find an appropriate statistical justification on the same lines for quite different rates of remuneration from those which they have suggested. We would therefore say that we are not trying to get away from Tomlin, we are not saying you should not look outside, but you have got to bear in mind these differences. You have got to do the best you can in what is not an easy, but a very difficult, comparison to make. You have got to look at other kinds of occupations. The medical occupation includes salaried doctors who are in many respects, both in methods of employment, conditions of service and, to some extent, function, nearer to some of our doctors. We are entitled to look at the salaried doctors in local authority employment or, indeed, in the employment of individual firms; and then we say we are also entitled—and we have never said that internal relativities were of no significance whatever—to take some account of the fact that, when all is said and done, these people are civil servants. However, we are not saying that the prime factor here—and I think we have in some degree been charged with this—that the prime factor here is the internal relativity and that we will have nothing to do with outside comparisons. Far from it.—*Mr. Johnston*: Might I add a further point to what Sir Thomas has just said? I think the Joint Committee's contention that somehow or other the present scale of the basic grade has been depressed by internal relativities is disposed of by the fact that an understanding was reached at the time the scale was agreed that the scale for the basic grade could not be regarded as establishing any particular relativity between that grade and any other grade or class in the Civil Service.—*Mr. Fraser*: I can say, Sir, because I did in fact handle the negotiations on this occasion, that the extent to which we quoted internal relativities has really been very much exaggerated by the Joint Committee. Far from saying it was a primary factor, it was not there at all by the end of the day.

4119. Have you any comments to make on the scales they have proposed?—*Sir Thomas Padmore*: Perhaps I could comment in this form, Mr. Chairman. We

think the settlement reached last year for the basic grade was a pretty fair and reasonable one; we do not see that circumstances have changed all that much in the past twelve months. But I would go on to say that we do not make the same claim, as I think the Royal Commission know, in respect of the higher grades. What we did there was admittedly an interim *ad hoc* settlement, but we think it will be sufficiently obvious what we think about the proposed structure if I do in fact say that we think, for the basic grade, last year's settlement was fair and reasonable.

4120. *Mr. Menzies*: It was part of the understanding set out in their case that nobody was prejudiced on either side?—Yes.—*Mr. Fraser*: The settlement of course, did specifically recognise what Sir Thomas said about the higher grades. We just kept a sort of a token gap. Nobody pretended to be doing more than that.

4121. *Chairman*: The big difference is, of course, that the Committee claim a higher maximum. That might be held to be consistent with the suggestion that the chance of getting out of the basic grade is not very good.—I dare say that is the explanation for the longer scale proposed. But of course they were not proposing that scale on the basis of people not going to get out of the basic grade; they were proposing a longer scale and people being able to get out of the basic grade.—*Mr. Johnston*: I would add to what Mr. Fraser has said that we have a system akin to that in the scientific classes for special merit promotions for doctors. It is referred to in paragraph 24 of the Howitt Report. That recommendation has been adopted.

4122. I did not realize that applied to the medical grades.—*Sir Thomas Padmore*: It is a new thing. And, taking all that into account, and at any rate our hopes for the future, I would think it was going too far to say that the entrant to the basic grade has not got much hope of being promoted.

4123. *Mr. Willis Jackson*: How many special merit promotions, in fact, have there been?—*Mr. Fraser*: We only started the scheme a few months ago.—*Mr. Johnston*:

In fact in September, 1954. The figure now is six.

4124. Is there any limit as to how high they may go?—There is no limit put on how high they may proceed. So far there have been promotions only from the basic grade to the one immediately above. As regards machinery we have a body called the Medical Complementing Committee which has a Treasury Chairman, a layman; the other members are senior civil service doctors, one establishment officer of a non-medical Department, and one outside consultant to give the outside point of view. The responsibility for recommending individuals for special merit promotion rests on Departments, who put in their case to the Treasury. The Treasury then circulate it to the Committee. If we do not wish to make any comments on it we put it on that basis to the Committee, and if nobody objects then it goes through. If, on the other hand, the Committee have some doubt as to whether a particular application quite fits the bill according to the paragraph of the Howitt Report, then the candidate is interviewed in much the same way as he is on the scientific side.

4125. Is one consultant sufficient to represent the outside viewpoint? On the scientific side it is the practice to consult several outside experts in the same field of research.—On the medical side the emphasis is not so much on research, but on the actual nature of the job done, and it is difficult for anyone other than someone personally acquainted with the work to give an opinion.

4126. But one consultant sitting on the Committee would hardly be able to do that?—He would not be able to cover everything, but what he would be able to do is to say: "Well, you may think on your Civil Service standards that this is a particularly good job of work, but really by standards which apply in the outside world it is not so very good".

4127. *Chairman*: Is the consultant appointed *ad hoc* for particular cases?—He is the same one throughout, Sir.—*Sir Thomas Padmore*: But all this is primarily dependent on collective opinion, especially that of senior medical officers already in the Civil Service.

Chairman: Thank you very much.

(The witnesses withdrew.)

ANNEX

TRANSFER GRANTS AND REMOVAL EXPENSES

(see Question 4087, page 1168)

1. On the basis of the Estimate provision for 1954-55 the annual cost of transfer grants is about £600,000.

2. In addition to reimbursement of specified expenses under the removal expenses code, there are two forms of flat rate grant. First there is a "miscellaneous expenses grant", which does not attract income tax. It is paid to householders only and is designed to cover miscellaneous household expenses such as taking down and putting up fixtures, altering curtains, relaying floor coverings, altering electrical apparatus from A.C. to D.C., etc. The rates were increased last year by agreement with the National Staff Side and now range from £17 10s. to £60 according to salary. The "transfer grant", which is subject to income tax, is paid (in addition) to non-householders as well as householders. It varies according to salary and for each salary band there are three rates, payable respectively to officers who are single, married, and married with more than one child.

3. Although the rates of transfer grant (ranging from £20 for the lowest paid single officer to £100 for the highest paid married officer with children) have not been altered since their introduction in 1946, neither have the salary bands to which the different rates are related been changed with changes in salaries. Thus particular grades are now entitled to higher rates of transfer grant than they used to be. For instance, for a clerical officer (married with children) on his maximum the transfer grant is today £80 (gross): in 1946 it was £60 (gross). The net amounts have of course been affected by reductions in the rate of tax and increases in tax allowance.

PENSIONABILITY OF LONDON ADDITION

(see Question 4093, page 1169)

4. Of the 38 employers in Appendix B of the memorandum (pages 1161-65) of whose practice any details were furnished, 24 appear to have the "London addition" system and 14 a system analogous to that in the Civil Service (either provincial deductions or separate scales). Of those 24, information on the "pensionability" point was given in 17 cases only; and among these the London addition is stated to be pensionable in 9 cases and unpensionable in 8.

5. The details are as follows:—

London addition pensionable

Local authorities.	British Railways.
National Health Service.	National Coal Board.
British Electricity Authority.	A major insurance society.
Teachers.	A shipping company.
University teaching staff.	

London addition not pensionable

Lloyds Bank.	Liverpool, London and Globe Insurance Company.
Westminster Bank.	Yorkshire Insurance Company.
National Provincial Bank.	A major building society.
Barclays Bank.	
Road Haulage (but generally no pensions scheme).	

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Corrigendum

Page 1103 last column, last line, *for 65 read 650*



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